

# Current History

A WORLD AFFAIRS MONTHLY

JULY/AUGUST, 1979

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# Current History

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*How did foreign aid become an institutionalized aspect of American foreign policy? How successful are our aid programs in the third world? How important is the international trade in arms? In this concluding issue of our symposium on foreign policy, seven specialists evaluate our aid and our arms policies. Our introductory article notes that "Since foreign aid is a second echelon concern, it is subordinated to other policy goals." Nonetheless, he concludes, "the dialogue over human rights may emerge as a new and creative arena in which the concerns of the United States and the third world countries may be reconciled."*

## United States Foreign Aid in Perspective

BY DAVID F. GORDON

*Assistant Professor of Government, College of William and Mary*

**I**N the spring of 1979, two events in the third world raised major issues for American foreign aid policy. In the Middle East, Israel and Egypt took the final steps toward signing a peace treaty. A major incentive for peace, particularly for the Egyptians, was the offer of American aid. In East Africa, Tanzanian troops and Ugandan guerrillas completed their assault on Kampala to end Idi Amin's murderous reign. The United States government, motivated by its commitment to human rights to exert pressure on Uganda, had instituted an economic boycott of Ugandan goods, particularly coffee. In the Middle East, aid is being used in a traditional manner, if on a grand scale, to gain political ends; in East Africa, the United States is entering the uncharted waters of the relationship between human rights concerns and foreign aid.\*

The idea of foreign aid, relatively new, is one of America's contributions to the theory and practice of international relations. How did the use of public funds for the purpose of promoting and assisting in the economic development of other sovereign states become an institutionalized aspect of American foreign policy? What are the purposes of such an exercise in international diplomacy? What has been the impact of United States foreign aid programs? With regard to foreign aid, what are the key issues the American people face as we move into the final decades of the twentieth century?

\*The author wishes to acknowledge the assistance of Christopher Cooke and Stephen Guy in the preparation of this essay. Professors George W. Grayson and John J. McGlennon made helpful comments on an earlier draft. All errors, of course, are my own.

The perennial debates in Congress, the conflicts between various government bureaucracies, and the controversies among academic observers make it clear that there is great uncertainty and confusion concerning not only the scope but the very nature and purpose of foreign aid.

The evolution of American foreign aid has been heavily influenced by this continuing uncertainty. No administration has been able to win the full support and enthusiasm of Congress for major foreign aid outlays; foreign aid has remained a second echelon concern in the broader foreign policy arena. This, in turn, has led foreign aid issues to be subordinated to, and heavily affected by, more prominent concerns. This subordination, finally, has further increased the confusion with which aid is approached in Congress. Thus far there has been no way out of the circle.

For this reason, it is useful to trace the evolution of American aid policy and practice. World War II marked a dramatic turning point in the evolution of international relations. Until then, it was assumed that foreign policy was concerned with the pursuit of individual "national interest," and that all concessions toward friends and enemies should be judged by the gains to oneself. World War II weakened this basic assumption. The distinction between individual national interests and the collective interests of the "Allies" was blurred. The concept of interdependence reflects this new global outlook, and some theme of interdependence has run through the evolution of American aid policy. The theme is not always explicit. For Secretaries of State George Marshall and Henry Kissinger it was more prominent than for Secretaries



John Fosters Dulles and Dean Rusk. Yet the basic idea was there—the pursuit of America’s “national” interest could no longer be defined in narrow national terms. The Marshall Plan for the rehabilitation of Europe, begun in 1948, was the first manifestation of this new approach.

### THE MARSHALL PLAN

The productive capacity of West Europe lay in shambles in the aftermath of World War II. By 1947, it became clear to American policymakers that only a large infusion of American capital would enable the West European nations to achieve the economic and political stability that was deemed crucial for American security. Secretary of State George C. Marshall hinted at the American initiative in his address at Harvard University on June 5, 1947. Noting the breakdown of the European economies, Marshall stated that “the remedy lies in breaking the vicious circle and restoring the confidence of the European people in the economic future of their own countries and of Europe as a whole.” Marshall emphasized that the future of the United States and the future of West Europe were inextricably linked. It was, therefore, the role of the United States “to assist in the return of normal economic health in the world, without which there can be no political stability and no assured peace.”

The Marshall Plan served many purposes. It was an economic program to promote Europe’s financial and fiscal stability, while stimulating world trade and expanding American markets. It was a political program to preserve a civilization out of which the American way of life had developed, while frustrating the aspirations of European Communists and leftists as well as those of the Soviet Union. It was a humanitarian program to aid Europe’s postwar recovery and lend a hand to the victims of war.

The role of the Marshall Plan in the origins of the cold war has sparked a heated debate among historians.<sup>1</sup> In its original articulations, Marshall Plan funds were made available to both West and East European countries. As the cold war developed, however, the plan became an instrument to assist West European nations as part of the joint United States–West European resistance to Communist expansion. The role of the plan in the development of the cold war remains ambiguous. In a recent, exhaustive study entitled *The Origins of the Marshall Plan*, John Gimbel

<sup>1</sup>Traditional historians, of whom Herbert Feis, John W. Spanier and Arthur Schlesinger, Jr., are examples, have seen the Marshall Plan as a response to aggressive Soviet initiatives in the postwar era. Revisionist historians, like Gabriel Kolko and Gar Alperovitz, see the Marshall Plan as part of an American attempt to dictate the terms of the postwar world.

<sup>2</sup>John Gimbel, *The Origins of the Marshall Plan* (Stanford: Stanford University Press, 1976).

argues that the Marshall Plan was not originally conceived as either an instrument of the cold war or a response to Soviet aggressiveness. Gimbel argues that the essence of the plan was to dovetail German economic recovery with general European recovery in a way that would make German economic recovery politically acceptable, especially to France. In essence, the plan substituted direct United States aid to the European allies for German reparations payments and cheap exports.<sup>2</sup>

This contention aside, the Marshall Plan certainly played a role in the evolution of the cold war. The Soviet Union perceived the plan as a unilateral United States move to determine the direction of postwar European development, particularly that of Germany. But, more significant, the Marshall Plan became a precedent for the use of foreign aid in the cold war setting of global competition between the United States and the Soviet Union. This is a classic example of the Law of Unintended Consequences. The Marshall Plan, conceived in terms of European recovery, became a successful buttress against the spread of communism in Europe. The instrument of success, foreign aid, was then generalized. If aid helped to stop communism in Europe, why not in Asia, the next area of geopolitical conflict in the cold war?

It is important to examine why the Marshall Plan succeeded, particularly given the later disillusionment among both donors and recipients over the apparent failure of subsequent foreign aid programs to third world countries. The answer lies in the fact that the task was limited and clearly defined, and the volume of aid was very large. Postwar Europe was a damaged society, not an underdeveloped one. The skills and values associated with a modern economy already existed. Foreign exchange was needed to enable Europe to purchase the equipment and raw materials necessary for reconstruction.

During the four years of the plan, the United States provided some \$12 billion, over 90 percent of which was direct grants. At 1979 prices, this is the equivalent of about \$35 in aid per capita per year for the entire population of the recipient countries. The confluence of limited and well-defined goals and a large volume of funds differentiate the Marshall Plan from later foreign aid efforts. There was also a political unity of interests that would become less usual in later aid efforts. If the Marshall Plan came to have an anti-Communist political content, it was nonetheless co-determined and fully shared by donor and recipients. In fact, this shared political interest infused a unity of purpose for all Marshall Plan participants.

The focus of the cold war and American aid efforts shifted from reconstruction in Europe to containment in Asia in the early 1950’s. During this period, which lasted to around 1957, United States aid policy was

virtually indistinguishable from strategic policy. The countries bordering on the southern periphery of the Soviet Union and China received most of the economic and military aid; South Vietnam, South Korea and Taiwan accounted for over 40 percent of all aid commitments.

Important changes in the character of aid accompanied the shift in the geographic focus. Aid to Europe had a specific and limited economic purpose; aid to Asian states offered generalized support for regimes perceived to advance United States strategic interests. While the United States shared an anti-Communist political orientation with the Asian recipient states, the political relationship was highly unequal. In fact, the three most prominent Asian allies of the United States—South Vietnam, South Korea and Taiwan—were virtual client states, with aid expenditure the bond linking them to their patron. During this phase of American aid policy, the development rationale receded into the background. In the late 1950's, two factors in the international environment converged to lead American policymakers to refocus their aid policy on development themes.

#### AID FOR DEVELOPMENT

India and Pakistan won independence from British colonialism in 1947. A decade later, Ghana became the first black African state to gain freedom from European rule. The move to independence had become a stampede by 1960. The quest for development—economic and social progress—not cold war issues, dominated the agendas of these third world nations.

The Soviet Union entered the foreign aid arena in the late 1950's. In Joseph Stalin's era, the Soviets viewed the world from the perspective of "those who aren't with us are against us." Under Nikita Khrushchev, the Soviet perspective changed to a view that "those who aren't against us are with us," and the Soviet Union began to compete with the United States as an aid donor, particularly in India and Egypt. The entry of the Soviet Union into the aid picture caused the rules of the game to shift. Nations that once allied themselves with the United States as a precondition of aid now had a choice, and even enjoyed the luxury of playing one donor off against the other without making political commitments.

The Soviet-American aid competition was significant; it transformed aid from an instrument for supporting allies to a tool with which to bid for the favor of nations not yet committed. For the United States, aid became less useful as a way to achieve immediate foreign policy aims.

<sup>3</sup>Max Millikan and W. W. Rostow, "Foreign Aid: The Next Phase," in *Foreign Affairs*, vol. 36, no. 3 (April, 1958), pp. 420-423.

<sup>4</sup>Speech by Acting Secretary of State Chester Bowles, quoted in *Department of State Bulletin*, May 15, 1961, pp. 703-708.

The emergence of the post-colonial nations and the Soviet entry into the foreign aid arena led aid proponents in the United States to return to earlier Marshall Plan-type goals, albeit in a different geopolitical and socioeconomic setting. Just as the Marshall Plan was intended to provide economic and political stability in Europe—with concomitant strategic benefits to the United States—the aid policies derived in the late 1950's were designed to provide economic growth and political stability to the emergent third world nations, while integrating them into a "democratic" and free-enterprise-oriented world order.

Max Millikan and W. W. Rostow clarified the new American policy. In 1958, they wrote that the United States was facing a major Communist effort "to exploit the weaknesses, confusions and temptations of new nations . . . to clamp communism down firmly on them."<sup>3</sup> American policy, they contended, should

use whatever influence we can bring to bear to focus the local energies, talents and resources on the constructive tasks of modernization. . . . Diplomatically, our stance should put a greater premium on the posture of governments towards the modernization of their own societies than on their day-to-day position in the politics of the cold war.

Millikan and Rostow favored "an American economic development effort larger and with more continuity . . . than our present programs." The overall goal of the American development aid program should be to create a context of global interdependence favorable to American national interests, one in which "most men and governments in the world come to perceive that private capitalism, domestic and foreign, has an expanding role to play in the new nations capable of reinforcing their larger political and social objectives."

President John F. Kennedy took up the development aid theme with characteristic vigor.<sup>4</sup> In a major policy address in May, 1961, Acting Secretary of State Chester Bowles stated that the United States must

use American skills and resources to help build a world partnership in which all nations interested in freedom, security and progress can cooperate . . . the fate of America is intimately and inextricably bound up with the fate of the billion and a half people living in the less developed areas of the world. Our survival no longer depends upon guns and tanks and bombs alone.

With the new emphasis on development aid came a move to involve other industrialized nations in the aid effort. In 1960, eight other Western nations (Belgium, Canada, France, Germany, Italy, Netherlands, Portugal, and the United Kingdom) joined the United States in the Development Assistance Committee (DAC). Between 1956 and 1963, the flow of financial resources from DAC countries to developing countries nearly doubled, from \$3.25 billion to \$6.1 billion.

The transformation of American aid in the late 1950's from a politically oriented instrument of the cold war to a developmentally oriented program with goals not dissimilar to those of the Marshall Plan created major problems. In many ways, these problems remain unresolved to the present day; without a doubt they turned the 1960's (which the United Nations had designated as the Decade of Development) into the Decade of Disillusionment. The key to success for the Marshall Plan had been (1) its very specific and limited economic tasks, (2) large-scale funding, (3) the fact that European countries were already "developed," and (4) the political confluence of interests between donor and recipients. None of these factors were present in the aid programs of the early 1960's.

One major impact of the move to generalized development aid was the diffusion of aid to a wide range of developing countries, eventually to virtually all of them. The problem of formulating criteria to allocate aid to particular countries was especially difficult, and the diffusion of aid programs meant that the management of aid policy became even more complex. In 1961 and 1962, while the Kennedy administration was giving full vocal support to a major foreign aid program, the officials responsible for the administration of aid were losing control of the direction of the program.<sup>5</sup>

At the same time, the enthusiasm that the administration hoped to engender in Congress for its foreign aid policy never materialized; instead, Congress became increasingly stingy in its aid authorization. United States Development Aid allocations peaked at \$3.7 billion in 1963 and remained at about that level until 1974. In terms of aid allocation as a percentage of gross national product, the United States figure decreased from approximately six-tenths of one percent in 1963 to just over two-tenths of one percent in 1978.

One reason for congressional opposition to aid was the confusion over the impact of aid in the developing countries. The political rationale for development aid had been its utility as a long-term strategy for the containment of communism. Development aid had been designed to complement the basic containment strategy of responding to crises where and when they arose by forestalling crises. It was far from clear where this policy was likely to be successful, or even how to determine whether aid was a positive factor in the prevention of crises.

Should economic aid be concentrated where a calm political atmosphere argued well for a stable development environment? From an economic viewpoint this appeared appropriate, but neither Congress nor the administration was ready to offer larger amounts of aid if no political factors warranted it. The policy that evolved in the middle 1960's was to concentrate on the "favorable few" geopolitically important countries where conditions for development were deemed favorable.

The infusion of large sums of aid into these countries also fit the view of the development process shared by most American aid officials, who believed that economic growth proceeded by stages, and that aid provided a "take-off" to provide an extra spurt into the "self-sustained" growth stage. When these countries no longer needed foreign aid, the United States could shift its focus to other nations nearing the "take-off."<sup>6</sup> Unfortunately, it was not easy to demonstrate where individual countries stood or whether the stage theory was useful at all. This ambiguity led to a certain practical flexibility for policymakers in the mid-1960's, allowing them to concentrate aid on several geopolitical centers.

Near the top of most lists of "best bets" for development were India, Brazil and Nigeria. Each was the largest country in its region and each had the resources that seemed necessary for a successful development effort. The overall geographical distribution of aid shifted away from Asia and toward Latin America in the early and middle 1960's. But the United States conducted at least token aid programs, whose purpose was extremely unclear, in nearly all countries of the third world.

As the Vietnam war escalated in the middle and late 1960's, American aid policy entered a period of increased uncertainty. Much of the urgent impulse of aid-giving ceased. The course of events in Vietnam dominated foreign policy thinking, and it was difficult to see where foreign aid fit in as an instrument of American policy. In addition, Congress became increasingly dissatisfied, in 1969 slashing the President's aid budget by more than a billion dollars. Even some traditional supporters of aid programs were disappointed that aid did not appear to lead to rapid economic progress, and that where progress occurred this did not necessarily lead to more stable, democratic and pro-American political systems.

The multipurpose nature of aid was a major reason  
(Continued on page 33)

<sup>5</sup>Andrew F. Westwood, *Foreign Aid in a Foreign Policy Framework* (Washington, D.C.: The Brookings Institution, 1966), pp. 92-100, discusses the organizational problems facing the Kennedy administration aid team.

<sup>6</sup>W. W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (New York: Cambridge University Press, 1960) is the major work that argues this perspective.

**David F. Gordon**, who is joining the faculty of the University of Michigan in September, is the author of articles in several journals and the coauthor, with Ali Mazrui, of an article in *Southern Africa Since the Portuguese Coup*, edited by John Seiler and published by Westview Press (Boulder, Colorado, 1979).

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*"Given the many incentives for arms transfers and the availability of alternate suppliers, the United State's ability to restrict the world arms trade is severely limited."*

# United States Aid and the Arms Trade

BY DAVID W. MOORE

*Professor of Political Science, University of New Hampshire*

THE supply of arms, military technology and other defense equipment (now generally referred to as "arms transfers") has been an integral part of United States foreign aid since World War II. Significant military assistance to our allies and potential allies was specifically authorized under the Lend-Lease Act of 1941, for example, which authorized the President to manufacture "or otherwise procure" defense equipment for any foreign government whose security the President considered "vital to the defense of the United States."

This national security rationale for United States arms transfers has been routinely accepted throughout the postwar period, beginning with the onset of the cold war almost immediately after the end of World War II and extending to the present. In recent years, however, opposition to some aspects of United States arms transfers has grown significantly. Partly in response to a dramatic increase in United States arms sales to the Middle East in the early 1970's, Congress passed legislation in 1975 requiring the President to justify specific defense programs (including arms transfers). Moreover, in May, 1977, President Jimmy Carter issued a major statement criticizing "the virtually unrestrained spread of conventional weaponry [which] threatens stability in every region of the world," and outlining a new arms transfer policy for the United States. That policy is based on the general principle that

The United States will henceforth view arms transfers as an exceptional foreign policy implement, to be used only in instances where it can be clearly demonstrated that the transfer contributes to our national security interests. We will continue to utilize arms transfers to promote our security and the security of our close friends. But, in the future, the burden of persuasion will be on those who favor a particular arms sale, rather than those who oppose it.

Thus, current United States arms transfer policy reflects at least two major foreign policy goals that are not necessarily compatible: achieving a reduction in

<sup>1</sup>Committee on International Relations, House of Representatives, *United States Arms Transfer and Security Assistance Programs*, March 21, 1978, appendix II, p. 127.

<sup>2</sup>*Ibid.*, appendix V, p. 136.

<sup>3</sup>Philip J. Farley, Stephen S. Kaplan and William H. Lewis, *Arms Across the Sea* (Washington, D.C.: The Brookings Institution, 1978), pp. 13-15.

the spread of conventional weapons across the globe; and ensuring an adequate supply of conventional weapons to our allies or potential allies to enhance our own security. The policy is further strained by many other factors that influence United States foreign policy, like the United States balance of payments deficit, the possible proliferation of nuclear weapons, and the social and economic needs of recipient countries.

After World War II, the United States expected its aid to be primarily economic, to promote the recovery of Europe. But Soviet expansionism in East and southern Europe led to substantial military aid as well—initially to Greece and Turkey, as part of the Truman Doctrine, and then to the West European countries in NATO (North Atlantic Treaty Organization). Military grants-in-aid were expanded to other countries as the United States implemented its worldwide policy of containment against communism. By the mid-1960's, with European economic recovery completed, the United States military aid program began reducing its grants and relied more heavily on sales to provide its allies with necessary arms, a trend that has been accentuated in recent years. The Military Assistance Program (MAP), for example, which provides the grants, declined from about \$4 billion in 1974 to one-sixteenth of that level four years later.<sup>1</sup> Since 1974, Foreign Military Sales (FMS) agreements increased from about \$4.5 billion to \$13 billion three years later, although they declined to \$11 billion the following year.<sup>2</sup>

It was this dramatic increase in sales agreements that led presidential candidate Jimmy Carter to criticize United States arms transfer policy and later, as President, to institute a policy of unilateral restraint. The rationale for the increased sales agreements was in part economic, although national security concerns were also influential. In the mid-1960's, the economic factors that led the United States to sell arms to its wealthier allies (West Europe and Japan), rather than to continue with grants, were the increasing imbalance of payments and domestic criticism of the financial burden of United States troop deployments overseas.<sup>3</sup> Economic as well as military factors also influenced the spurt in arms sales to Middle Eastern and Persian Gulf countries during the



mid-1970's, following the quadrupling of oil prices by OPEC (Organization of Petroleum Exporting Countries). In part, increased sales were an attempt to counter the imbalance of payments caused by the oil price hike, although goals more closely related to United States national security also contributed to the increased sales.<sup>4</sup>

Criticisms of recent trends in United States arms transfers have focused not only on the dollar increase but on the quality of arms. After the oil price increases in 1973 and 1974, OPEC countries suddenly found themselves with large foreign currency reserves and could afford to pay cash for the most sophisticated weapons. These oil-rich countries were willing to buy arms from virtually any willing supplier nation, thus creating a competitive arms market in which the United States was a successful supplier. As a consequence of this competitive market, arms transfers from the United States, and from other suppliers, included weapons systems with the latest technology.<sup>5</sup>

These characteristics of recent trends in United States arms transfers—dramatic increases in the quantity and quality of arms and shipments to nations that are not close allies—have led to a growing controversy over the purpose and effect of arms transfers. While arms transfers to NATO countries and to Japan may be directly linked to our own national security, arms transfers to nations like Iran and Saudi Arabia have a more indirect effect (to ensure the flow of oil, for example) and may contribute to other events—like regional instability—that are not necessarily favorable to the United States. As a consequence, many critics have argued for a more cautious approach to arms sales, while others have argued for drastic reductions.<sup>6</sup>

President Carter's policy of unilateral restraint is thus a response to recent trends in arms transfers, as well as to congressional pressure for moderation. The President's policy consists of several points:

1. A reduction in the dollar volume of transfers by 8 percent the first year.
2. Restrictions on the transfer of developed weapons systems.
3. Limitations on producing weapons solely for export.
4. Limitations on coproduction agreements (which allow recipient nations to help produce the weapons or weapons parts).
5. Limitations on the retransfers of weapons (from

the initial recipient nation to a second recipient nation).

6. Restrictions on the promotion of arms sales abroad by United States manufacturers.

While United States arms transfers account for about 50 percent of the world's total, unilateral restraint in arms transfers will not necessarily reduce the overall level. Buyer nations may simply seek other suppliers. This concern was expressed by President Carter before the United Nations on October 4, 1977, five months after he announced his new arms transfer policy:<sup>7</sup>

For its part, the United States has now begun to constrain its arms exports. Our aim is to reduce both the quantity and deadliness of the weapons we sell. We have taken the first few steps, but we cannot go very far alone. Nations whose neighbors are purchasing large quantities of arms feel constrained to do the same. Supplier nations who practice restraint in arms sales sometimes find that they simply lose valuable commercial markets to other suppliers.

We hope to work with other suppliers to cut back on the flow of arms and to reduce the rate at which the most advanced and sophisticated weapon technologies spread around the world. . . .

Equally important, we hope that purchasing nations, individually and through regional organizations, will limit their arms imports. We are ready to provide to some nations the necessary means for legitimate self-defense, but we are also eager to work with any nation or region in order to decrease the need for more numerous, more deadly and ever more expensive weapons.

Two months later, the United States began a new phase of Soviet-American arms negotiations, referred to as CAT (Conventional Arms Transfer) Talks. These talks are designed to explore the possibility of Soviet cooperation in limiting arms transfers, since the Soviet Union is the second largest supplier of arms (with dollar totals about half that of the United States). At the same time, informal talks are being held with France and Great Britain, who together are responsible for about 10 percent of the world's arms transfers. So far, however, little progress has been made in restraining other supplier nations.

Despite President Carter's policy of unilateral restraint, any attempt significantly to reduce worldwide arms transfers will be exceptionally difficult, because of conflicting perspectives. From a *global* perspective, an increasing arms trade, consisting of more and more sophisticated weapons, is potentially more likely to lead to war and insecurity than a decreasing arms trade. But from a *national* perspective, in which each country evaluates its own interests, a decrease in a nation's arms procurement may not appear attractive, particularly if its neighbors are increasing their arsenals. On the contrary, a nation may feel that its security will be enhanced by purchasing more arms.

This conflict—between the global perspective that views increasing arms transfers as inimical to security

<sup>4</sup>Anne Hessing Cahn et al., *Controlling Future Arms Trade*, 1980's Project/Council on Foreign Relations (New York: McGraw-Hill, 1977), pp. 30-37.

<sup>5</sup>*Ibid.*

<sup>6</sup>Senator William Proxmire comments on the floor of the United States Senate, October 17 and 25, 1977, reported in *Congressional Digest*, vol. 57 (April, 1978), p. 108.

<sup>7</sup>U.S. Arms Control and Disarmament Agency, *Arms Control 1977*, Publication 96 (Washington, D.C.: Government Printing Office), p. 34.



and the national perspective that views increasing arms transfers as essential to maintain security—accounts for the difficulty that confronts President Carter's policy of unilateral restraint. As the President suggested in his speech before the United Nations, the United States cannot by itself reduce the arms trade. Other nations must cooperate. But unless all or virtually all nations are willing to cooperate, none will be willing to reduce its arms because of the advantage that others which do not cooperate may achieve.

From the national perspective, then, there are many incentives for both supplier and recipient nations to engage in arms transfers.

Every nation, whether economically developed or developing, wants to use its own judgment about its defense needs. As nations acquire the economic resources to buy arms, as did OPEC after the quadrupling of oil prices in 1973-1974, they are more likely to buy the arms they need for national security. Perhaps the need for these increased arms purchases is perceived because of neighbors who have already increased their arsenals or because of long-standing threats that can now be countered with increased resources. In any case, nations with newly acquired resources do not want to be told by a "big brother" supplier—like the United States or the Soviet Union—that these arms are not really "necessary" for their national security. Each nation wants to make that decision for itself, and severe resentments are generated when it is suggested that the supplier nations, which produce arms for their own consumption without external restraint, are acting in concert to prevent the rest of the nations from acquiring weapons they believe are necessary.

Arms transfers have profound domestic as well as international effects on recipient nations. The domestic effects are due in part to the training that is usually obtained with the more sophisticated weapons. As one analyst noted, "What most observers seem to overlook is that anywhere from five to ten years often elapse between the approval for a request for military equipment and the actual delivery of military technology. During this period large amounts of training and support prepare the military in the recipient country to operate and maintain the equipment. . . . These skills eventually filter into the rest of society as military personnel pass into it."<sup>8</sup>

In addition to training, the military equipment may be necessary for internal control. Not all countries make a clear distinction, for example, between national military and local police missions, as does the

United States. Moreover, the acquisition of military equipment may generate related requirements that have spillover effects to local communities, like "roads, electricity, ports, houses and communications networks. The growth of outlying military bases may [also] promote permanent population redistribution and industrial growth."<sup>9</sup>

Economists often argue that such economic goals are better pursued by direct economic aid than by military aid that produces economic benefits as incidental "spillover" effects. Military aid, it is argued, should be justified on its contribution to security, not to economic development. On the other hand, "most non-Western leaders do not distinguish between development and security issues. They see expenditures on armaments and expenditures for economic development not as mutually exclusive alternatives, but as mutually complementary necessities."<sup>10</sup>

Thus, the defense needs and the domestic needs of recipient nations may perhaps be better treated together rather than separately. In either case, these perceived needs provide powerful stimuli for continued arms transfers.

The political/strategic goals of the supplier nations justified the massive United States military aid to NATO countries and other allies after World War II. The scope of political/strategic goals served by arms transfers, however, has broadened in the past three decades. As noted in the Report on United States Conventional Arms Transfer Policy, "suppliers who once furnished arms primarily to close allies in order to meet a common threat now transfer arms to a diversity of recipients for a broadened range of foreign policy reasons . . . ."<sup>11</sup> Some of the United States political/strategic goals served by arms transfers are:<sup>12</sup>

- To support diplomatic efforts to resolve major regional conflicts by maintaining local balances and enhancing our access and influences vis-à-vis the parties;

- To influence the political orientations of nations which control strategic resources;

- To help maintain regional balances among nations important to us in order to avert war or political shifts away from us;

- To enhance the quality and commonality of the capabilities of major Allies participating with us in joint defense arrangements;

- To promote self-sufficiency in deterrence and defense as a stabilizing factor in itself and as a means of reducing the level and automaticity of possible American involvement;

- To strengthen the internal security and stability of recipients;

- To limit Soviet influence and maintain the balance in conventional arms;

- To enhance our general access to and influence with governments and military elites whose political orientation counts for us on global or regional issues;

- To provide leverage and influence with individual governments on specific issues of immediate concern to us;

<sup>8</sup>Stephanie G. Neumann, "The Positive Effects of Arms Transfers," *The New York Times*, June 10, 1977.

<sup>9</sup>*Ibid.*

<sup>10</sup>*Ibid.*

<sup>11</sup>Report to Congress for use of the Committee on Foreign Relations, *Arms Transfer Policy*, U.S. Senate, July, 1977.

<sup>12</sup>*Ibid.*, pp. 11-12.

To secure base rights, overseas facilities, and transit rights to support the deployment and operations of our forces and intelligence systems.

Arguments will arise, of course, over the likelihood that specific arms transfers will achieve the desired goals. Thus, in retrospect, one may question the massive United States arms transfers to Iran or Soviet transfers to Egypt as effective instruments of foreign policy for the supplier nation. Indeed, the uncertainty of the effects of arms transfers on recipient nations and the possible counterproductive nature of such transfers are used as arguments for greater restraint. Nevertheless, since there is no compelling evidence that arms transfers are ineffective instruments of foreign policy in most cases, the desire to use whatever potential influence a nation has remains a strong incentive for arms transfers.

### ECONOMIC BENEFITS TO SUPPLIER NATION

Although they are not acknowledged in the Executive Branch's Report on Arms Transfer Policy, economic goals provide an important incentive for United States arms transfers. Labor leaders argue that such transfers contribute significantly to employment and to the overall strength of the United States economy.<sup>13</sup> Arms sales may also contribute to economies of scale in production and to the recovery of costs of research and development. The Congressional Budget Office estimates, for example, that the costs of arms procurement by the United States government is reduced by \$7 for every \$100 in foreign military sales.<sup>14</sup> Moreover, arms sales obviously help counter the United States balance of payments deficits, and they help develop and maintain technological expertise in arms production.

Nevertheless, the economic benefits of United States arms transfers are rather small in the context of the whole economy. Only about one-half of one percent of the labor force, for example, would be required to sustain \$9 billion of arms sales, and this level of sales would represent only about eight percent

of United States exports.<sup>15</sup> On the other hand, the economic impact of reduced arms production and sales would be concentrated in a few areas rather than in the economy as a whole; thus the political impact would probably be more intense than the figures suggest.

### SUBSTITUTION EFFECTS

If the United States does not supply the arms desired by developing nations, it is argued, these nations will look elsewhere. This argument is usually advanced in conjunction with the claim that economic benefits accrue from arms sales, although the desire to prevent Soviet political leverage is another incentive to conclude an arms sale.<sup>16</sup>

Besides the United States and Soviet Union, the two most aggressive world arms suppliers are France and Great Britain. These two countries, however, have shown little willingness to restrict their level of arms sales, which together represent only about one-fifth of United States sales and one-third of Soviet sales.<sup>17</sup> Indeed, these countries have been expanding their arms sales, primarily for economic reasons, and they are likely to continue—within their capabilities—to provide the arms transfers denied by the United States.

Thus, the President's policy of unilateral restraint has been linked to the American-Soviet Conventional Arms Transfer (CAT) talks initiated by the United States in December, 1977. The President has pressed Soviet leaders—and, in separate discussions, has also pressed France and Great Britain—to show some sign of reciprocity. Beyond agreeing to meet for several rounds of discussions, however, Soviet leaders have provided little indication that they will agree to any restrictions. And the other suppliers are unwilling to make such agreements unless the Soviets do.

How serious the substitution effect will be is not yet clear. Leslie Gelb, the chief negotiator in the CAT talks, earlier argued that few nations would buy from other suppliers because they are not so efficient or reliable as the United States.<sup>18</sup> Without some cooperation from other suppliers, however, domestic political pressure may force President Carter to reevaluate the effectiveness of his arms transfer policy.

### NUCLEAR PROLIFERATION

If nations that are denied American conventional arms do not turn to other suppliers, they may instead attempt to develop their own nuclear weapons. Many countries are estimated to be capable of doing so,

(Continued on page 34)

<sup>13</sup>Testimony by William W. Winpisinger, President of the International Association of Machinists and Aerospace Workers, AFL-CIO, and Richard de Lauer, Chairman, American League for International Security Assistance, Inc., before subcommittees of the Senate Committee on Foreign Relations, April 25, 1977. See *The Congressional Digest*, vol. 57 (April, 1978).

<sup>14</sup>U.S. Congressional Budget Office, "Budgetary Cost Savings to the Department of Defense Resulting from Foreign Military Sales," Staff Working Paper (May 24, 1976).

<sup>15</sup>Cahn, *op. cit.*, pp. 66-67.

<sup>16</sup>Michael T. Klare, "Political Economy of Arms Sales," *Bulletin of the Atomic Scientists*, November, 1976, p. 15.

<sup>17</sup>Cahn, *op. cit.*, pp. 65-66.

<sup>18</sup>David Binder, "Comprehensive U.S. Arms Sale Policy Seen as Means of Restraining Other Suppliers," *The New York Times*, March 8, 1977, p. 8.

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*"In Africa, as in other non-Western regions, problems of underdevelopment are enormous . . . . For those African countries that are neither agricultural nor industrial in character, a more flexible aid policy is needed to set the tempo of political and social developments in motion."*

## American Policy: Arms and Aid in Africa

BY FERAIDOON SHAMS B.

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**A**n essential link between trade and foreign aid was established in 1850 by Richard Hakluyt, the British student of history and geography, when he issued directives to the merchants of the Moscovi Company:<sup>1</sup>

If you find any island or maine land populous, and that the people hath need of cloth, then you are to devise what commodities they have to purchase the same withall. If they be poore, then you are to consider the soile, and how by any possibilities the same may be made to enrich them; that hereafter they may have something to purchase the cloth withall.

The United States foreign aid program in Africa, Asia and Latin America is of fairly recent origin. For over three decades, particularly in the 1960's when most African states achieved independence, aid has been an instrument of United States foreign economic policy. Conscious of its enormous technical, military and economic capabilities, the United States adopted its foreign aid policy as a response to a series of external challenges, and its responses have clearly defined the crucial United States mission as the world's major peacetime leader.

Throughout the 1950's and 1960's, the critical human needs of the world's poor nations and territories were closely intertwined with the national interest of the United States. It was assumed that a failure to narrow the increasing gulf between the rich nations and their poor neighbors would adversely affect the

strategic and raw resource requirements of the Western industrialized states. The subhuman lot in the poorest societies of Africa, Asia and Latin America also demanded humanitarian consideration; destitution, ignorance and abject poverty were held to be incompatible with the Western democratic tradition.<sup>2</sup>

Earlier, the West European states had suffered the ravages of war, which reduced their economies to shambles. It was the responsibility of the United States not only to assist them economically, but also to maintain the balance of power in Europe. So the political and economic stability of West Europe was also seen as a prerequisite to the security and independence of the United States.

In its relationship with Europe, the United States launched a comprehensive program of aid to restore the health of the European economy. United States aid for European economic recovery exceeded \$12 billion between 1948 and 1952, with Britain, France and West Germany receiving over half of the total. The Economic Cooperation Act of 1948, which called for the economic integration of Europe, opened the avenues for dismantling traditional tariff barriers, quota systems, and the like. Secretary of State George C. Marshall had emphasized the need for new economic institutions in Europe and rationality and efficiency in European production processes.

With the economic recovery of the West European states under the Marshall Plan and the expansion of the United States commercial position abroad, American attention focused on the most pressing human problems of the underdeveloped world. To foster change and maintain stability in the regions of maximum instability, the United States adopted foreign aid programs to secure its power overseas. The fundamental instruments by means of which the United States diffused its diplomacy in the underdeveloped world were various programs of technical, military and economic aid. Americans believed that, unless the United States participated actively in the life of poor nations, a perspective for human development and

<sup>1</sup>Quoted in Andrew M. Kamarck, *The Economics of African Development* (New York: Praeger, 1967), p. 185.

<sup>2</sup>Today, the developing nations provide approximately 40 percent of America's oil needs, 100 percent of its natural rubber, 93 percent of its tin, and 85 percent of its bauxite. Importations of other raw materials include substantial percentages of manganese ore, cobalt, mercury, tungsten, iron ore, silver, copper and lead. See U.S. Congress, House Committee on Appropriations, *Foreign Assistance and Related Agencies Appropriations for 1979*, hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, 95th Congress, 2d Session (Washington, D.C.: Government Printing Office, 1978), p. 619.



"orderly political process" as preconditions for stability could not be achieved by the poor nations themselves. President Harry S. Truman, addressing a joint session of Congress on March 12, 1947, stated that "it must be the policy of the United States to support free people who are resisting attempted subjugations by armed minorities or by outside pressure."

He further pointed out that "our help should be primarily through economic and financial aid which is essential to economic stability and the orderly political process" of underdeveloped areas. Hence, the Truman Doctrine offered a new approach to the old problems of underdevelopment. The belief in the inexhaustibility of its own resources in technology and science led the United States to go confidently to the aid of poor nations. President Truman's desire to improve the material well-being of the underdeveloped nations was followed by the Foreign Assistance Act of 1948, which authorized the economic and technical aid for the world's underdeveloped areas. In 1949, the United States Congress authorized the Mutual Defense Assistance Program, and in 1950 the Act for International Development and other laws dealing with foreign aid were introduced.<sup>3</sup>

Foreign aid and development programs in Africa began systematically only after World War II. After the war, Britain, France and to a lesser extent, Portugal, extended economic assistance to their colonial empires. Each of these nations pursued a variety of programs. Although France and Great Britain were themselves recipients of aid under the Marshall Plan, they used some \$600 million of the acquired capital for development in Africa, of which some \$500 million dollars were made available to North Africa, and the remaining \$100 million dollars to Africa south of the Sahara.<sup>4</sup> Later in the 1950's, the United States, Belgium, Germany and Italy established bilateral agreements with Africa.

The majority of the African states had not yet achieved the transition from colonial dependency to independence. Pervasive poverty, illiteracy, the absence of entrepreneurs, drastic shortages of capital and stratification patterns based on ethnic pluralism permeated the social fabric of the African states. Nonetheless, the emergence of India, Pakistan, Ceylon and Malaya as independent states awakened a sense of national consciousness among politically articulate Africans.

<sup>3</sup>Quoted in Herbert Feis, *Foreign Aid and Foreign Policy* (New York: St. Martin's Press, 1964), p. 52.

<sup>4</sup>Kamarck, *op. cit.*, pp. 200-201.

<sup>5</sup>Feis, *op. cit.*, p. 53.

<sup>6</sup>John D. Montgomery, *Foreign Aid in International Politics* (Englewood Cliffs, New Jersey: Prentice-Hall, 1967), pp. 97-99.

<sup>7</sup>*Ibid.*, pp. 97-98.

<sup>8</sup>Zbigniew Brzezinski, ed., *Africa and the Communist World* (Stanford: Stanford University Press, 1967), pp. 143-147.

The early extension of United States assistance to Africa coincided with the cold war. In fact, the cold war provided the justification for United States technical assistance programs. United States foreign aid was guided by considerations of national interests and was influenced by cold war rivalries.

In the period immediately after World War II, the United States amity toward the Soviet Union had shifted to enmity. Irreconcilable differences between East and West, mainly ideological, led to a cold war in which the politics of power dominated the international scene. Soviet hostile political behavior towards the capitalistic mode of production was accompanied by rivalry in trade and aid in the underdeveloped world. It was unmistakably clear that the Soviet Union intended to penetrate into regions of political and economic instability. After 1950, the Soviet Union emerged as a major world power whose goal was to undermine the Western political systems.<sup>5</sup>

The Soviet establishment of educational facilities, hotels and a sports arena in Guinea, with similar projects in Cambodia and Indonesia, made it clear that foreign aid was no longer a uniquely American enterprise. Moreover, the Soviet Union, which had once extended \$1 billion in loans to China, found itself competing with Peking; in Algeria, Ghana and elsewhere, the giants of the Communist world vied for positions of influence and preached the politics of revolution. It was obvious that the cold war was finding its greatest expression in the underdeveloped world. Nevertheless, aid as an instrument of Soviet foreign policy did not produce the intended political results. In Algeria, Burma, Egypt, Guinea, and Indonesia, Soviet aid programs faltered. Anti-Soviet actions in these countries indicated that Soviet foreign policy in general and foreign economic policy in particular were encountering severe obstacles.<sup>6</sup>

China's revolutionary approach to underdevelopment and her criticism of Soviet policy in Africa also challenged the Soviet Union. Both China and the Soviet Union had extended economic assistance to Algeria, Egypt, Ghana, Guinea and Mali totaling some \$430 million; the Soviet Union had contributed \$316 million and China, \$114 million.<sup>7</sup> China's involvement in Africa, however (since Egyptian President Gamal Abdel Nasser's trade and cultural agreement with Peking in 1955), suggested that the new bastion of world communism has failed to transform Africa into its own image. Since 1950, China has participated in various African political and economic forums. By stressing "self-help," rather than major economic aid, she has provided many African nations with the technical assistance required to overcome agricultural and other problems.<sup>8</sup>

It is estimated that the developing nations represent over half the world's total population. With almost 20 percent of the world's land mass and approximately

10 percent of the world's population, Africa's humans are increasing at an annual rate of 2.7 percent. The result will be a doubling of the present population of Africa (nearly 400 million), in about three decades.

Since Africa's birth rates exceed those of any other region, what are the prospects for its economic development? No universal rules can be established for the amount of aid required to correct Africa's lopsided structure. The problems of development in Africa are numerous and complex. The social and political environments are often the products of a sustained period of colonial development. Having achieved independence from colonial tutelage, African states seek greater economic productivity, savings and growth.

But fundamental economic change in a society's structure requires inner stability and cohesion, which most African states lack. Coups and countercoups, separatist armed campaigns and shifting alliances render many African societies unsuitable for viable economic change. African problems are further exacerbated by adverse climatic and physical conditions. Extreme heat and humidity in tropical zones impede development efforts. With a few exceptions, the soils in the tropics, especially if they are not properly managed, hamper effective agricultural activity.<sup>9</sup>

Under these circumstances, economic productivity, industrialization and improvement in Africa's outmoded cultivation methods become difficult tasks indeed. Development requires adequate capital resources, a cadre of educators, engineers, doctors, lawyers, technocrats, and, most important, highly developed institutions of learning for scientific research. In 1976, for instance, there were 3.42 teachers and 0.09 physicians per every thousand people living in Africa. Since 1976, these figures have not changed substantially.

Between 1946 and 1977, United States economic assistance to Africa exceeded \$6.287 billion. Of this amount, \$2.225 billion consisted of loans and the

<sup>9</sup>See Barbara Ward, *The Rich Nations and the Poor Nations* (New York: W.W. Norton, 1962), pp. 39-40.

<sup>10</sup>U.S. Department of State, Bureau for Program Policy and Coordination, Agency for International Development, *U.S. Overseas Loans and Grants and Assistance from International Organizations: 1977*, p. 87-139.

<sup>11</sup>*Ibid.*, p. 223. The World Bank group consists of the International Bank for Reconstruction and Development, the International Association and the International Finance Corporation. Other international organizations are the Asian Development Bank, the African Development Bank, United Nations Development Programs and the European Economic Community.

<sup>12</sup>*Ibid.*, p. 177.

<sup>13</sup>Foreign Assistance and Related Agencies Appropriations for 1979, *op. cit.*, p. 624. Members of the Development Assistance Committee of OECD are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States.

remaining \$4.062 billion of grants. During that period, United States military assistance to Africa totaled \$831.6 million, representing \$401.9 million in military loans and the remaining \$429.7 million in grants. As a whole, over the past three decades, United States financial commitments to some 52 African nations and territories exceeded \$7.119 billion.<sup>10</sup> Moreover, the economic assistance given by major international organizations to Africa during the postwar era (1949-1977) was over \$13.429 billion. This figure represents the assistance of the World Bank group and other international organizations, in the form of loans, credits for developmental projects, and commitments for investment in African private firms and enterprises.<sup>11</sup> These figures do not include United States contributions to these international organizations. From 1946 to 1977, however, United States contributions to international organizations, including various agencies of the United Nations and International Atomic Energy, were over \$3.145 billion, while United States economic assistance programs, including capital subscription and contributions to major international lending institutions during the same period, exceeded \$10 billion.<sup>12</sup>

United States foreign aid programs are closely related to United States economic growth. Under the Marshall Plan, the United States aid program comprised three percent of its gross national product. In 1962, when the Agency for International Development was established, economic assistance programs comprised 0.8 percent of the United States gross national product. United States economic assistance to underdeveloped countries experienced a continuous decline between 1962 and 1976, reaching a low level of 0.25 percent in 1976. The level of the aid program has not changed significantly. In addition, among some 40 countries (including the Organization of the Petroleum Exporting Countries [OPEC] and the centrally planned economies), which extend economic assistance to developing and less developed nations, almost half allocate more of their gross national product for foreign aid than the United States. In 1976, some five OPEC members spent more on foreign assistance (mainly to Arab nations) than any other country. Development assistance from OPEC in 1976 was \$5.1 billion, which equaled about two percent of OPEC's gross national product. During the same year, the United States financial commitments for the Development Assistance Program amounted to \$4.3 billion; the members of the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD) contributed \$9.4 billion, and the aid given by the centrally planned economies was \$500 million.<sup>13</sup>

In 1977, Egypt, Israel, Jordan and Syria, together with Botswana, Zaire and Zambia, received United States aid under the Security Supporting Assistance

programs, administered by the Agency for International Development (AID). As a major component of United States bilateral assistance programs, Security Supporting Assistance is designed to "promote economic or political stability in the areas where the United States has special security interests." During fiscal 1977, the amount of United States aid for the Middle Eastern "confrontation states" was over \$1.6 billion, and United States aid to southern African nations, including funds for the Southern African Regional Requirement, totaled \$54 million. In 1978, the estimated value of Security Supporting Assistance for the Middle East exceeded \$1.774 billion, and Botswana, Lesotho, Swaziland, Zaire and Zambia were expected to receive approximately \$74 million. During the same year, funds for Southern Africa Refugee Requirement were estimated at about \$42 million. In 1979, approximately \$1.855 billion are proposed for Security Assistance, of which more than 95 percent, or \$1.78 billion, will be extended to Israel, Egypt, Jordan and Syria. The remaining dollars will be devoted to southern Africa as a means of enhancing prospects for a "peaceful transition to majority rule," and to the United Nations peacekeeping forces in Cyprus.<sup>14</sup>

In 1978, United States military assistance programs to Africa, including foreign military training and military credit sales, were estimated at \$43.6 million. This figure includes \$40 million in military sales credits to Cameroon, Gabon, Ghana, Kenya, Liberia, Sudan and Zaire. Zaire was by far the largest recipient of military aid, estimated at \$20 million, followed by Kenya, totaling over \$15 million. The estimated value of foreign military training to these nations during 1978 exceeded \$3.1 million. For the fiscal year 1979, Chad and Mali were added to the list of the African states receiving United States military assistance. In 1979, the African nations are to receive over \$42.2 million, of which nearly \$38.5 million will consist of military credit sales; the remaining \$3.8 million will go for foreign military training. From 1950 to 1978, under the International Military Education and Training Program, some 6,660 African military personnel have been trained in the United States. Except in fiscal 1978, Ethiopia has been the major beneficiary of this program, with 3,912 military trainees since 1950. Other African nations that have

participated in the military education program include Benin, Cameroon, Ghana, Guinea, Ivory Coast, Kenya, Liberia, Mali, Niger, Nigeria, Senegal, Sudan, Togo, Upper Volta and Zaire.<sup>15</sup>

In 1976, the African nations, as a whole, received approximately one percent of United States arms exports. During the same year, Africa's arms imports from all sources accounted for nearly one-sixth of the total world armament trade. In the past decade, these imports have increased substantially. The increase in Africa's arms imports are caused by the conflict behavior of many African nations, including various internal conflicts and frequent skirmishing between Algeria and Morocco arising from territorial disputes, Tunisia's growing concern over Libya's "uncertain politics," frictions between Morocco and Mauritania over the "legal right to govern" western Sahara, domestic upheaval in Ethiopia and her conflict with Somalia, among other issues.<sup>16</sup>

Between 1967 and 1976, the total value of arms transferred to some 42 African nations by major world suppliers (the United States, the Soviet Union, France, the United Kingdom, the People's Republic of China, West Germany, Czechoslovakia, Canada and Poland, among others) was \$5.131 billion. This figure includes military grants and credits or sales of various "conventional" arms to African nations. During this decade, the Soviet Union's arms deliveries to Algeria, Angola, Central African Republic, Chad, Congo, Equatorial Guinea, Guinea, Guinea-Bissau, Libya, Madagascar, Mali, Morocco, Mozambique, Nigeria, Somalia, Sudan, Tanzania, Uganda and Zambia were estimated to amount to \$2.051 billion. Among the African nations, Libya's acquisition of armaments from the Soviet Union exceeded those of any other nation in Africa, totaling \$1.005 billion.

France was the second major supplier of arms to Africa. From 1967 to 1976, France's arms exports to Africa totaled \$1.038 billion. South Africa and Libya emerged as France's two most important arms clients, receiving \$365 million and \$325 million in arms, respectively. Other African states which obtained French military equipment include Algeria, Benin, Burundi, Cameroon, Central African Republic, Chad, Congo, Ethiopia, Gabon, Ghana, Ivory Coast, Kenya, Libya, Madagascar, Mauritania, Morocco, Niger, Nigeria, Rwanda, Senegal, South Africa, Sudan, Togo, Tunisia, Upper Volta and Zaire.<sup>17</sup>

The Agency for International Development's (AID) proposed 1979 budget for development assistance, which exceeds \$1.962 billion, reflects somewhat greater financial commitment to the urgent needs of the underdeveloped nations than it did in fiscal 1978. Programs for food and nutrition are given the highest priority. With a total allocation of approximately \$673.2 million, compared to \$548.7 million in 1978, AID intends to enhance the productive capabilities of

<sup>14</sup>*Ibid.*, pp. 632-633. In 1979, "a total of \$45 million is proposed in support of . . . [The United States] interest in facilitating change and minimizing disruption related to the promotion of a peaceful transition to majority rule in southern Africa.

<sup>15</sup>The figures are derived from Foreign Assistance and Related Agencies, *op. cit.*, pp. 663-664.

<sup>16</sup>*Ibid.*, p. 104.

<sup>17</sup>The data are taken from Table VII of United States Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1967-1976*, p. 159.



hungry nations through "rural development projects" and other programs. Appropriations for population planning, health, education, development of human resources, technical assistance, energy research and Sahel development programs,\* along with other contributions, exceed the 1978 level. Moreover, in an effort to reduce poverty and hunger, a greater share of the funds in 1979 will be extended to those underdeveloped nations that have the lowest per capita income. In 1978, the estimated United States economic assistance programs for 43 African nations, including funds for regional development, reached almost \$491 million. This sum included allocations for developmental projects by AID in the amount of nearly \$329 million, plus funds for programs under Public Law 480 and the Peace Corps, which totaled about \$132.6 million and \$29.5 million respectively. In 1979, in contrast, the requested allocations for some 39 countries in Africa, together with appropriations for regional development, will exceed \$500 million, including programs under AID, Public Law 480 and the Peace Corps, which will require financial obligations of over \$339 million, \$128 million and \$33 million, respectively.<sup>18</sup>

One basic thrust of United States foreign policy in recent years has been the preservation of internationally recognized human rights. Generally, the United States has viewed the extension of aid to authoritarian and repressive regimes with disfavor. But preoccupation with national security interests, including the political, economic and military requirements of decision making, have impeded the United States ability to implement an effective policy of human rights in some underdeveloped countries. Moreover, the relevance of the human rights issue in the context of foreign aid, particularly in the poorest of the underdeveloped countries, is not clear.<sup>19</sup>

In recent years, a number of African countries have severely curtailed the political and civil liberties of their citizens. Patterns of institutional violence, with

varying degrees of intensity, have been reported in Benin, Chad, Ethiopia, Guinea, Mali, Morocco, Tunisia, Upper Volta and Zaire. South Africa's racial policy of apartheid and the gross violation of human rights in Uganda (under former dictator Idi Amin) have been a matter of great international concern. For this reason, United States trade relations with Uganda have been restricted, and the country has not received United States economic assistance since 1973. Similarly, the United States has maintained an arms embargo on South Africa since 1963. Other unilateral policies with regard to South Africa have included prohibition on exports of "technical data" and on "commodities" that may be used by the South African "military and police."<sup>20</sup>

Among the leftist regimes in Africa, Angola and Mozambique receive various amounts of United States aid. Under Public Law 480, Mozambique was given \$3.7 million in 1977, and in 1978, estimated economic assistance to this nation amounted to \$6.2 million. In fiscal 1979, Mozambique is scheduled to receive \$900,000 in American aid, whereas the actual and estimated bilateral United States economic assistance to Angola in 1977 and 1978 did not exceed \$200,000 and \$3.7 million, respectively. During 1976, for which data are available, Angola, Mozambique and Uganda obtained a total of \$72.72 million in aid from the Development Assistance Committee and OPEC. Uganda's share of disbursements from OPEC was \$5.10 million, while DAC's contributions amounted to \$9.42 million. DAC extended a total of \$10.64 million to Angola and \$25.26 million to Mozambique. OPEC's economic assistance to Angola and Mozambique amounted to \$22.30 million, of which Angola received \$20.70 million. Aid from Communist bloc nations in 1976 consisted of \$20 million to Angola and \$4 million to Mozambique.<sup>21</sup>

In fiscal 1979, the United States requested appropriations for Benin, Ethiopia, Guinea and Zaire (which have been identified recently as "human rights violators") in the amount of \$83.2 million. Excluding Benin, the remaining three countries also anticipate a total of \$238 million in aid from the World Bank.<sup>22</sup>

In Africa, as in other non-Western regions, problems of underdevelopment are enormous. Without a comprehensive aid program, many of these nations will not be able to rise beyond their level of poverty. For those African countries that are neither agricultural nor industrial in character, a more flexible aid policy is needed to set the tempo of political and social developments in motion. ■

\*Drought in the Sahelian countries of Chad, Mali, Mauritania, Niger, Senegal and Upper Volta reached its most devastating proportions between 1972 and 1973. In 1979, the proposed appropriations for the Sahel Development program will total \$90 million. In 1978, the United States contributions to the Sahelian countries amounted to \$50 million.

<sup>18</sup>*Foreign Assistance and Related Agencies, Appropriations for 1979, op. cit.*, pp. 637-640 and 667-670.

<sup>19</sup>By denying aid, we penalize "the hungry and poor" in the poorest nations. See Cyrus Vance speech, reprinted in *ibid.*, p. 1208.

<sup>20</sup>*Ibid.*, pp. 1253-1255.

<sup>21</sup>*Ibid.*

<sup>22</sup>*Foreign Assistance and Related Agencies, Appropriations for 1979*, hearings before a Subcommittee of the Committee on Appropriations, House of Representatives, 95th Congress, 2d Session, Part 3, Testimony of Public Witnesses (Washington, D.C.: GPO, 1978), pp. 83-84.

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"It is in the Middle East, perhaps, that questions of human rights have been particularly troublesome, because United States foreign policymakers see the United States as having so much to gain from a military presence that they ignore human rights issues. Soviet involvement in the region is clear, the oil is vital, and the conflicts are serious."

## Arms, Aid and the U.S. Presence in the Middle East

BY ANN T. SCHULZ

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THE Middle East is a region unique in United States foreign policy.\* The wealth of the oil-producing countries there and the United States commitment to Israel make the Middle East the largest customer for United States arms among the non-industrialized regions of the world. Imports of American non-military goods and technology are also high.

With three notable exceptions—Egypt, Israel and Turkey—United States grant aid to the Middle East is a phenomenon of the past. Military Assistance Programs have been replaced by Foreign Military Sales agreements. Food aid, the PL 480 program, has given way to food exports, often financed by the Commodity Credit Corporation. Exports of military and non-military goods and services have been an increasingly important source of balance of payments credits for the United States since the early 1970's.

Arms transfers illustrate the way the United States government uses exports for political or policy purposes. They also bring human rights and political stability issues into focus.

The United States is the largest weapons exporter

in the world. From 1961 to 1975, this country exported over \$40-billion worth of arms to other countries.<sup>1</sup> Most of the growth in United States arms exports occurred during the administrations of Presidents Richard Nixon and Gerald Ford. Exports peaked at \$15 billion plus in 1976, up 400 percent from 1970.<sup>2</sup>

According to some defense analysts, despite the controversy over United States arms transfer policies President Jimmy Carter is committed to the previous administration's free market policy for arms exports. Three factors contribute to the "free market" assumption. First, there has been a tremendous increase in sales, as opposed to grants.

**TABLE 1: Foreign Military Grants as Percent of U.S. Weapons Exports<sup>3</sup>**

1950-1967	75%
1977	2%

Critics of our arms transfer policies say that inherently sales cannot be controlled in the way that grants or gifts can. Second, the contribution of military sales to the United States balance of payments is undeniable, and has been raised in congressional hearings in support of specific sales agreements.<sup>4</sup> The consideration of balance of payments in exports policies compounds the evidence that profits and markets determine United States security policy.

Finally, by 1977, the biggest buyers of United States arms were Iran and Saudi Arabia, not NATO, not Japan, not Israel. This was true even though experts on the Middle East had testified to the destabilizing effects of arms sales on Iranian politics, and congressional staffs had substantiated that conclusion in their own visits to the Middle East.<sup>5</sup>

Despite the replacement of aid by sales, United States trade with the Middle East is still evaluated according to how it contributes to United States interests abroad. Years before Iran's revolution, along

\*The author is indebted to Massod Abolfazil for much of the research on which this essay is based.

<sup>1</sup>Ruth Leger Sivard, *World Military and Social Expenditures*, excerpts in *Rockefeller Foundation Illustrated*, vol. 3, no. 4 (September, 1977), p. 4.

<sup>2</sup>"U.S. Weapons Exports: Can We Cut the Arms Connection?" *The Defense Monitor*, vol. 7, no. 2 (1978), p. 6.

<sup>3</sup>*Ibid.*, p. 3.

<sup>4</sup>U.S. House of Representatives, Committee on International Relations, *Military Sales to Saudi Arabia—1975*. Hearings before the Subcommittee on International Political and Military Affairs (Washington, D.C.: Government Printing Office, 1976).

<sup>5</sup>U.S. House of Representatives, Committee on International Relations, *U.S. Arms Policies in the Persian Gulf and Red Sea Areas: Past, Present and Future* (Washington, D.C.: GPO, 1977), p. 15. Report of a staff survey mission to Ethiopia, Iran and the Arabian Peninsula (Washington, D.C.: GPO, 1977).

with the rising tide of United States exports came questions about human rights, political stability and economic growth in the recipient countries and about United States military security in a region of unusual strategic significance. Who pays for United States exports is only part of the story. Who receives them and with what effect accounts for the lion's share of the debate about foreign policy.

**TABLE 2: U.S. Military Assistance—1977<sup>6</sup>**

Recipient	Amount	Type
Iran	\$6 billion	sales
Saudi Arabia	\$2 billion	sales
NATO, Japan, Australia, New Zealand	\$1 billion	mostly sales
Israel	\$1 billion	sales (2/3); aid (1/3)
Others	\$2 billion	sales (2/3); aid (1/3)

Policymakers evaluate the effect of aid and exports on human rights and political stability only in the context of United States foreign policy objectives, not as separate issues. United States exports to the Middle East, whether in the form of trade, aid or investment, play three roles in foreign policy: to strengthen the United States balance of payments position and United States markets abroad; to enhance the power of specific countries whose interests overlap those of the United States and who therefore enjoy a "special relationship"; to provide leverage over decisions taken by other governments.

### SPECIAL RELATIONSHIPS

The clearest illustration of the special relationship is the United States-Iranian connection. Iran has been the leading United States arms importer and the Middle East is growing in importance for arms sales.<sup>7</sup>

Now that the fears of a revolution in Iran have been borne out, what accounts for the United States willingness to establish such a close military relationship with Iran? Under the Shah's regime—regardless of the record that the Khomeini government is building—human rights were consistently violated.<sup>8</sup> The foundation of the Shah's power was coercion; no real counterweight to court politics existed. And, in the end, coercion failed to keep the Shah on his throne. United States military support for Shah Riza Pahlavi ignored the human rights issue and even helped to undermine the regime's security. But United States

policy was sustained by the belief that United States regional security interests were of such overriding importance that potential failures in the areas of stability and human rights were necessary risks.<sup>9</sup>

The overlapping security interests of the United States and Iran, for example, were based on a mutually perceived military threat. Under the Shah's regime, one major external threat was the possibility of maritime insurgency and conflict in the Persian Gulf, which would interfere with vital shipping lanes. The United States was offering Iran the long-term capability to oversee and control the day-to-day security operations in the Gulf by providing American technology and expertise in the construction of a major naval and air base at the mouth of the Persian Gulf. Moreover, foreign military sales to Iran were to include naval aircraft, submarines and destroyers, together with anti-submarine warfare equipment. Since the United States had decided not to deploy a fleet in the Indian Ocean and the Arabian Sea, Iran's military capability was crucial to American policy objectives. Having already noted the increased Soviet maritime presence in Iraq, Iran-United States military cooperation became necessary.

The foreign policy strategy of the 1970's was to rely on what came to be known as "second order powers" with complementary security needs rather than to engage in direct intervention in regional conflicts. Thus, the "special relationship." Ever since World War II, successive United States administrations had avowed their commitment to Iran's security. What was new in the 1970's was the decision to arm Iran so that she could "stand on her own feet."

Special relationships, as implemented by Presidents Nixon, Ford and Jimmy Carter, have special implications for human rights and domestic instability. Many of the weapons transferred to the Iranian government for purposes of regional security were used inside Iran's borders, not outside. In fact, United States helicopters were put into action to quell the Kurdish uprising against the revolutionary government long after the Shah was gone and his commanders were executed. The level of arms transfers has a direct bearing on a government's ability to rely on force rather than compromise.

In the last months of the Shah's rule, the United States was supplying tear gas that was used against unarmed demonstrators in Teheran and other Iranian cities. State Department officials argued that the human rights issue was cloudy—were it not for the tear gas, troops would have been using bullets. But they were using bullets, too, and more than a thousand Iranians were killed by those bullets. Human rights issues were secondary to strategic needs in arming the Shah, but they were not "cloudy."

The second lesson, of political stability and the effectiveness of United States arms transfers, now

<sup>6</sup>Adapted from "U.S. Weapons Exports: Can We Cut the Arms Connection?" *op. cit.*, p. 4.

<sup>7</sup>See Table, "U.S. Foreign Military Sales," inside back cover.

<sup>8</sup>*Supplying Repression: U.S. Support for Authoritarian Regimes Abroad* (Washington, D.C.: Institute for Policy Studies, 1977), describes United States aid to Iran in terms of building up the police and gendarmerie against domestic political opponents.

<sup>9</sup>U.S. Department of State, Bureau of Public Affairs, "Sale of F-16's to Iran," *News Release*, September 19, 1976.



cautions the United States against repeating the lessons of Iran in Egypt, where a new special relationship has been created. Egyptian soldiers are to be trained to use American weapons in the United States, for the most part, not in Egypt. This policy is designed to reduce the visibility of the United States military presence in Egypt and is based on the experiences of United States-Iranian military cooperation. In defending the Iranian monarchy, Iran's Air Force was the first to give way. Sometime in the fall of 1978, Iranian airmen at the western Hamadan base went on strike. United States military advisers were particularly prominent in the Air Force, and in that town. Other factors, like the morale of the technicians, also contributed to the Air Force's disintegration, but the United States military presence throughout the Iranian military establishment was not an insignificant problem. The Iranian government's cancellation of United States arms orders in April, 1979, indicates how the new government views the political costs of an American connection.

Two recipients of large-scale aid in the Middle East illustrate a new pattern in United States relations with the third world. Egypt and Turkey have serious international financial problems, and the United States government wants to protect their regimes against the threat of revolution. Foreign debts held by third world governments have led to "bailing out" projects of the Western industrialized states for those beleaguered governments that have strategic value.<sup>10</sup>

President Anwar Sadat's Egyptian government fills that criterion because it is the one Middle Eastern government that has been willing to take the initiative to achieve a settlement with Israel. Egypt is also a "reformed" Soviet client that returned to the West after 20 years of an increasingly intense military relationship with the Soviet Union.

In 1978, Sadat decided to suspend repayments of Egypt's \$4-billion arms debts to the Soviet bloc, while a renewed Western connection promised to shore up Egypt's deteriorating economic situation. The Consultative Group for the Arab Republic of Egypt, including international lending agencies and chaired by the World Bank (IBRD), agreed to reschedule Egypt's foreign debts from a short-term basis to a long-term one.<sup>11</sup> Still, 40 percent of Egypt's export earnings are used to service that debt.

Once in a position of economic dependence, President Sadat had ample incentives to buy time by increasing Egypt's reliance on other governments, international agencies and foreign business. The chief source of support for the Egyptian economy came

from the conservative Arab oil-producing states, not from the United States. Saudi Arabia, Kuwait, the United Arab Emirates and Qatar are the major shareholders in the Gulf Organization for the Development of Egypt. The Organization, established in 1976, supplemented the work of the Consultative Group by providing \$1.4 billion of debt relief. The Saudi Arabian government was unilaterally putting sizable funds into the Egyptian economy.

What many of Egypt's financiers fear is that the Egyptian government—bailed out temporarily—will have little incentive to risk difficult planning decisions. So the Consultative Group has set conditions for its support: the Egyptian government must abolish the official rate of exchange, cut government subsidies and adopt an "open-door" for foreign investment.

The Turkish government finds itself in the same position, with its foreign debt at \$13 billion in 1979.<sup>12</sup> And, like Egypt, Turkey is so important to the West that Prime Minister Bulent Ecevit's economic problems were the topic of the Guadaloupe summit conference attended by United States, West German, French and British leaders. Although Turkey dropped out of the Central Treaty Organization (CENTO) in March, 1979, she remained a NATO ally with a border on the Soviet Union, which could replace Iran as a site for monitoring Soviet nuclear weapons testing. The International Monetary Fund has extended credit to the Turkish government on terms similar to those imposed on Egypt by the Consultative Group—devaluation, reducing the government's deficit, financing state-run industries, and encouraging direct foreign investment. The key questions for United States economic aid, investment and technology transfer with regard to the Middle East are whether they promote imbalanced growth in recipient countries, how much they contribute to United States superiority in technology, and whether they endanger United States security. Finally, do those exports link existing regimes so closely to the United States that they are threatened by nationalist uprisings?

In both Egypt and Turkey, United States interests are closely linked to the regimes in power. President Sadat is in trouble at home as a result of his support for the peace treaty with Israel. The Ecevit government in Turkey has been threatened by continuing violence that led the Prime Minister to place portions of the country under martial law. Turkey's problems are largely economic, with a 50 percent inflation rate and one-fifth of the work force unemployed. In addition, religious and ethnic conflict in Turkey has been on the rise in the wake of Iran's revolution.

"Bailing-out operations" bring their own difficulties, however much they may appeal to governments deep in debt. In 1979, these difficulties were most visible in Egypt, where foreign investors found the lack of infrastructure to be a stumbling block for

<sup>10</sup>Cheryl Payer, *Debt Trap: The IMF and the Third World* (New York: Monthly Review Press, 1975).

<sup>11</sup>*Arab Report and Memo*, vol. 2, no. 8 (February 20, 1978), p. 2.

<sup>12</sup>*The Economist* (London), March 17, 1979.

their activities. An estimated \$1 billion in economic aid was waiting to be used, because of insufficient infrastructure.<sup>13</sup> A projected \$2-billion project to improve Egypt's telephone system was high on the list of priorities for foreign technology.

### PROBLEMS OF AID-FOR-GROWTH

Infrastructure shortcomings are symptomatic of a larger issue in the aid-for-growth policies promoted by the United States. Exporting American capital and technology brings with it a predetermined set of priorities for allocating resources among the sectors of the recipient country's economy. Often foreign investment does not contribute to balanced growth, but injects resources into the modern sector. Hotel construction in Cairo, for example, is proceeding apace to provide accommodations for foreign businessmen. Meanwhile, there is a serious shortage of housing for Egyptians—largely unskilled workers—migrating to Cairo. Egypt's population of 40 million is expected to increase to 70 million by the year 2000. One of the largest projects to be financed by direct foreign investment is a Ford assembly plant in an already traffic-choked city. United States aid and exports are limited by the structure of the United States economy.

The United States has also provided food aid to Egypt under the PL 480 program. The amounts have varied, depending on the status of Egypt's relationship with the Soviet Union. Recent United States PL 480 aid figures indicate an American policy initiative to replace Soviet technical and economic aid. In 1970, when Cairo relied heavily on Soviet advisers and assistance, Egypt was not one of the 10 major recipients of PL 480 Title I sales. By 1975, however, Egypt was receiving \$105 million in PL 480 sales, making her the third largest purchaser after Bangladesh and India.<sup>14</sup>

In Egypt's case, the United States used aid to strengthen its diplomatic position. In other cases, the appropriateness of United States exports is often challenged by the recipient countries. Whether the United States should export advanced technology items is a question, particularly items with military applications.<sup>15</sup>

A prominent example is the prolonged negotiation between the United States and Iran over Iran's purchase of United States nuclear plants. Eight nuclear plants were at stake under a March, 1975, agreement. The Shah's government wanted those plants to

include fuel reprocessing systems. The United States government, on the other hand, wanted spent fuel to be processed outside Iran and reimported. The Soviet Union has adopted a policy of no nuclear plant exports. France is the United States' chief competitor in the nuclear export field. Highly technological exports have ready markets and the sales help to defray the cost of research and development. Although United States officials have very real concerns about nuclear weapons proliferation, they do not want to see United States markets taken over by the French, nor do they want to impede technological advance in the United States by adding to the costs of technological development.

United States arms sales abroad also involve the export of United States technology. United States military security is jeopardized when other governments have access to this country's most advanced weapons, critics say. Advanced aircraft, like the F-14's that Iran purchased while the Shah was in power, were left in the hands of the revolutionary government when Americans evacuated in the winter of 1979. Even before that, Iranian military officials were transmitting information about the aircraft directly to the Soviet government.

With the highly unstable political situations in the Middle East, exporting goods that are important for United States military security is indeed hazardous. Nor does this type of aid and/or sales contribute to economic growth in most recipient countries. Most advanced weapons are exported after assembly and they lie at rest in the recipient country until they can be integrated into the recipient country's command structure. Often they are not used.

The Camp David accords and the 1979 Egyptian-Israeli treaty were supported by substantial United States military and economic commitments to both parties.

The Egyptian-Israeli settlement was criticized by congressional Republicans, among them Senator Howard Baker (Tennessee) because it would cost United States taxpayers too much. United States obligations are mostly military, not economic, but military bias was not singled out as an issue; the issue was the \$3 billion of assistance for Israel and \$2 billion in arms aid for Egypt.<sup>16</sup> These totals were added to the routine \$1.8 billion in economic and military aid the United States was already providing Israel, and

(Continued on page 35)

<sup>13</sup>The Washington Post, April 3, 1979.

<sup>14</sup>Roger D. Hansen, *The U.S. and World Development, Agenda for Action, 1976* (New York: Praeger, 1976), p. 155.

<sup>15</sup>U.S. House of Representatives, Committee on Foreign Affairs, *U.S. Foreign Policy and Exports of Nuclear Technology to the Middle East*. Hearings before the Subcommittees on International Organizations and Movements and on the Near East and South Asia (Washington, D.C.: GPO, 1974).

<sup>16</sup>The Washington Post, March 20, 1979.

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*"In the decade and a half since . . . [President John Kennedy's] death, United States aid to Latin America has tended to decline in quantity and its importance as an element in the Latin American policy of the United States has diminished."*

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## Diminishing U.S. Aid in Latin America

BY ROBERT J. ALEXANDER

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THE worldwide United States foreign aid program had its origins in Latin America just before and during World War II. United States government help to the economic development and "national security" of the Latin American countries burgeoned in the following decades, reached its high point in the Alliance for Progress of President John F. Kennedy, and diminished since that time. Changing conditions in both Latin America and the United States have in recent years caused a drastic reduction in aid and have stripped it of the great significance it once had in inter-American relations:

At least two factors were responsible for the inception of United States aid to the Latin American countries. One was the Good Neighbor Policy of President Franklin D. Roosevelt; the other was the growing danger that the Western Hemisphere would become involved in what came to be World War II.

The Good Neighbor Policy, although it represented a sharp change in United States policy toward Latin America, did not itself involve the concept of "foreign aid" to the area. It was, simply, a United States promise to stop using "the Big Stick" in its treatment of the other American republics. This involved United States recognition of the juridical equality of the Latin American countries with the United States and agreement not to use military force to interfere in the internal affairs of the Latin American countries.

However, a logical extension of this new attitude toward the Latin American nations was an effort on the part of the United States to help those countries resolve some of their most pressing economic problems. Undoubtedly, considerable support for such an effort came from the fact that it would also help the recovery of the United States from the Great Depression.

The first small step towards an aid program was the establishment of the Export-Import Bank in the middle 1930's. Its official objective was to help stimulate United States trade with the Latin American countries. However, it soon moved from short-term loans to finance specific commercial deals to longer-term loans to help finance substantial investment projects in various Latin American nations using imported United States capital equipment.

With the growth of the power of Nazi Germany in the late 1930's, and the increasing certainty that this would precipitate a second World War, United States foreign policymakers and military leaders became increasingly concerned about the implication of world war for the Western Hemisphere. Military missions of several European countries were advising and training the armies, navies and air forces of a number of Latin American countries. The United States moved to persuade the Latin American nations to substitute United States missions for European missions. By the outbreak of the war, this had been largely accomplished. This was the beginning of what was to become a major program of military aid to the Latin American nations.

Even before the United States entered World War II, President Franklin Roosevelt launched a new experiment in relations with the Latin American countries. He established the Office of the Coordinator of Inter-American Affairs, and named young Nelson Rockefeller to head the office. Although much of the early effort of the Coordinator was more propaganda than aid, its emphasis soon changed. The new office began to develop extensive programs of technical assistance in the fields of health and education, working with the Latin American governments to help them procure much-needed goods from the United States. During World War II raw materials, capital goods and other commodities the Latin Americans needed were strictly allocated by the United States. The Office of the Coordinator worked with the Export-Import Bank to arrange sizable loans for specific development projects, notably the establishment of steel plants in Mexico, Chile and Brazil, and many less ambitious projects in those and other countries.

During the war, the United States also gave aid of another sort. The Latin Americans faced serious problems when the markets for many of the raw materials and foodstuffs they usually sold to Europe and the United States were cut off. So the United States stepped in to try to correct this situation.

The best known and longest lasting effort of this kind was the Inter-American Coffee Agreement, which established a system of quotas for the Latin



American coffee-producing countries in the United States market, and more or less assured that those nations would continue to receive the income that they expected from coffee sales. After World War II, this became the International Coffee Agreement, involving important African producers as well as some European consuming countries. It lasted until the early 1970's.

Aid was also given to several countries to foster their development of raw materials greatly needed by the United States for the war effort. Iron mining and rubber gathering in Brazil, and the establishment of rubber plantations in Costa Rica and hemp plantations in Haiti were among the projects financed by the United States government during the war years and for some time thereafter.

At the same time, of course, during and after World War II the United States became not only the major but almost the only arms supplier of the Latin American military. The concept of joint inter-American defense of the Western Hemisphere became popular not only in the United States but in Latin America as well. After the war, vast quantities of "war surplus" were made available to Latin American armed forces.

#### POINT FOUR

In his inauguration address beginning his second term in office in January, 1949, President Harry Truman outlined a somewhat different concept of United States aid, particularly to the Latin American countries. Citing the technical assistance the United States had been giving the Latin American countries for about a decade, he proposed the establishment on a long-term basis of a program transferring modern technology and providing experts who could install the technology and teach the Latin Americans how to use it. This came to be known as the "Point Four" program, since it was the fourth point in a list of proposals he made in his inaugural address. The Point Four idea quickly spread beyond Latin America, as increasing numbers of former colonies in Africa and Asia began to acquire their independence.

President Truman also developed a special program of aid to Brazil. As the largest of the Latin American countries, the nearest to the Old World, and a traditional partner of the United States, Brazil was of particular concern to the United States, partly because Brazil was the only Latin American country to send troops to fight in Europe against the Axis during World War II.

A joint Brazilian-United States mission was established to survey the development needs of the Brazilian economy, and to suggest how the United States might help the Brazilians carry out their development objectives. The mission made several suggestions, including a suggestion that the Brazilians establish a new national development bank and that through this

bank the United States should lend a very substantial amount of money to the Brazilian government for specific development projects.

Under President Getulio Vargas, Brazil's Banco Nacional de Desenvolvimento Economico (BNDE) was established in 1951. Thereupon, President Truman agreed to establish an ongoing program of loans amounting to \$500 million—which at the time was viewed as a very substantial amount indeed—to the new BNDE. During the Truman years, about \$200 million was in fact allotted for specific projects. Unfortunately, early in 1953 the new United States President, Dwight Eisenhower, brought the program to an end, declaring that a loan of \$300 million for clearing overdue commercial accounts owed to United States businessmen by Brazilians would complete the amount of \$500 million, which the United States had promised to contribute to Brazilian development.

#### A MARSHALL PLAN FOR LATIN AMERICA?

In 1947, the United States undertook a major effort to help the war-devastated economies of Europe. Over a period of about five years, the United States provided the West Europeans with close to \$20 billion in aid, most of it in the form of grants, which did not have to be repaid, rather than loans.

The leaders of the Latin American nations suggested that the United States should launch a similar program for the economic development of their part of the New World. They made this claim in the name of hemispheric solidarity, and because of the help in the form of raw materials and foodstuffs (sold at prices kept artificially low by the United States) that they had sold to the United States and other allied countries during World War II.

Although the Latin American campaign for a Marshall Plan for Latin America continued for almost a decade, it was particularly urged during inter-American conferences, including the ninth inter-American Conference in Bogota, Colombia, in 1948. At that meeting, the old Pan American Union, which had existed for half a century, was reorganized as the Organization of American States (OAS). The OAS included an Economic and Social Council, which the Latin American leaders hoped would be a major instrument for aiding the economic development of their countries.

At the Bogota Conference, the Latin American delegations also first asked for an Inter-American Development Bank, to be largely financed by the United States, which would lend money to finance development projects throughout Latin America. Secretary of State George Marshall, who led the United States delegation to the meeting, rejected this suggestion.

At the Inter-American Economic Conference held in Rio de Janeiro in 1954, the Latin Americans

suggested a general program for United States aid to Latin American development. They suggested that mechanisms be established to assure stable prices for the area's major export products, prices which they would feel to be "just." They also reiterated their suggestion that there be a major program for United States aid to Latin American development, including the establishment of an Inter-American Development Bank.

The Eisenhower administration was totally unsympathetic to the Latin American suggestions in 1954. Secretary of the Treasury George Humphrey, who led the United States delegation to the Rio Conference, said that the United States did not have the resources to finance any large-scale development program in the hemisphere. Instead, he urged that the Latin American governments create conditions conducive to private foreign investment, and argued that such investments would be sufficient for the development needs of those countries.

During the Eisenhower years, there was only one country in which there was anything like a Marshall Plan. This was Bolivia. After the revolution there in 1952, which resulted in the expropriation of the partly foreign-owned tin mines and in the redistribution of the country's large landholdings to the Indian peasants who made up the great majority of the population, the United States government was at first suspicious of the revolutionary regime. However, it changed its attitude after a visit to Bolivia by the President's brother, Milton Eisenhower, and the agreement of the Bolivian government to compensate the companies whose tin mines had been seized.

As a result, an extensive economic aid program was established, which for several years was the largest United States aid program, on a per capita basis, to any country in the world. The program financed specific development projects, provided foodstuffs and raw materials that were in short supply, and generally helped the Bolivian government to balance its budget. The United States also helped the Bolivian government to reestablish the army, which had been largely destroyed during the 1952 Revolution.

In contrast to the hesitancy of the Eisenhower government with regard to an economic aid program for Latin America as a whole, the administration was willing to help the Latin American military. Extensive grants and loans for financing military equipment were made to various Latin American armed forces; during this period, the United States was virtually the only supplier of such military hardware. In addition, thousands of Latin American officers were trained by United States military men in their own countries, in a series of schools in the Panama Canal Zone, and in the United States.

In 1958, an extraordinary series of events catapulted the question of United States aid to the

economic development of Latin America to a position of major international importance. The first of these events was a trip by United States Vice President Richard Nixon to several South American countries. Nixon met resentful criticism in several countries, and in Caracas, Venezuela, he was the center of a major riot and was forced to take refuge in the United States Embassy. This series of incidents represented a low point in relations between the United States and Latin America.

Many political leaders of Latin America were disturbed by the evident deterioration of inter-American relations reflected in Nixon's trip. The President of Brazil, Juscelino Kubitschek, decided that the situation should be improved, and wrote an open letter to United States President Dwight Eisenhower, suggesting that serious problems underlay the treatment of Vice President Nixon and that something should be done before they became irresolvable. He proposed negotiations that would lead to an overall program for inter-American cooperation between the United States and Latin America for Latin American economic development. He gave his suggested program the name of Operation Pan America.

The most immediate result of the disastrous Nixon trip and Kubitschek's proposal was an agreement to set up an Inter-American Development Bank. The United States had opposed this for a decade, but now supported it. Meanwhile, the Kubitschek proposal met wide support among the other Latin American countries, and obtained at least some approval from President Eisenhower. As a result, an Inter-American Economic and Social Conference was finally held in Bogota, Colombia, in the summer of 1960. This meeting agreed on the need for inter-American cooperation for Latin American development; the principal specific result was the United States announcement that it would provide a Social Development Fund to the new Inter-American Bank, which would make grants rather than loans to help educational, health and other institutions in Latin America.

### THE ALLIANCE FOR PROGRESS

A new direction was given to United States aid for Latin America with the inauguration of President John F. Kennedy. This was given the name of the Alliance for Progress, and it was the result of long-term agitation by United States scholars and political leaders interested in relations with Latin America and by important political leaders in Latin America. It has often been suggested that the Alliance for Progress was designed as an answer to the challenge of the Castro regime which came to power in Cuba early in 1959. However, this is not the case. The program which came to be known as the Alliance for Progress had been advocated by political leaders and scholars in both parts of the hemisphere, and President Ken-

nedy had indicated the broad outlines of the Alliance in a speech given a month before Fidel Castro came to power.

The Alliance for Progress represented a new approach to the problem of United States aid to the economic development of the rest of the hemisphere. As presented by President Kennedy early in 1961, it would be a multinational effort for economic development and for economic and social reform in Latin America, with the ultimate objective of establishing a firm basis for political democracy there.

The Inter-American Conference in Punta del Este, Uruguay, which officially adopted the Alliance for Progress, set forth a number of objectives to be attained within a decade. These included a 2.5 percent per capita annual increase in the gross national product of the Latin American countries, specific goals in housing, education and health, the general establishment of planning mechanisms in the Latin American republics, the carrying out of land redistribution programs, and a \$20-billion foreign aid program. The United States delegation at Punta del Este promised that the United States would provide \$10 billion of this.

The Alliance for Progress was accompanied by a change in United States military aid policy to Latin America. Until that time, in its military aid program the United States had paid relatively little attention to the question of whether this program was stimulating an arms race among the Latin American countries. However, the Kennedy administration was very much concerned with this problem and wanted to avoid stimulating rivalry among the military forces of the area. The United States was also concerned about the degree to which the limited resources of Latin America were being diverted to unproductive military expenditures.

As a result, the Kennedy administration developed a new approach to the question of military aid to the Latin American countries. It decided to limit military aid to two fields. One was so-called "civic action," that is, the participation of Latin American armed forces in their governments' programs of economic development, in the form of road building, housing construction and similar activities. The other was "anti-guerrilla" training; because the Castro government was tending to stimulate the development of guerrilla activities against democratic governments like that of President Romulo Betancourt of Venezuela, the United States would help the armed forces prepare to thwart guerrilla campaigns.

The Alliance for Progress did not long survive its author, John F. Kennedy, and even during his administration, it developed substantial problems and difficulties. For instance, although it was conceived of as a multilateral program in which the United States would grant its \$10 billion of aid through a multi-

lateral system in which the Latin American countries would play a key role, it tended in practice to be a bilateral program, in which United States aid authorities reached agreements with governments of individual Latin American countries.

This difficulty was seen early. As a result, an inter-American committee, established to study the situation and suggest changes, proposed a new Committee for the Alliance for Progress, which came to be known as the "nine wise men." Its function was to make an annual survey of the economic development progress of each of the Latin American countries, and to guide the United States in its granting of development loans.

However, for practical purposes, the Alliance for Progress died with President Kennedy. President Lyndon Johnson's administration did not relate the program to the elements of social reform that were integral to Kennedy's Alliance for Progress proposal. Top officials of the Johnson government insisted that the Alliance was just another extensive economic aid program without social or political implications. During President Richard Nixon's administration, the Alliance for Progress was more or less ignored.

However, in the interim, the Alliance for Progress had considerable accomplishments to its credit. The United States had contributed virtually the complete amount it had promised the program. Advances had been made in the educational and health fields. The concept of agrarian reform had been legitimized by the Alliance, and important land redistribution programs had begun in several South and Central American countries. Most Latin American governments, under the inspiration of the Alliance, had established bodies to plan their countries' economic development process.

By late 1973, the Alliance for Progress was officially dead. This was symbolized by the change in the name of the periodical of the Organization of American States that had reported on the progress of the Alliance, from *Alliance for Progress Newsletter* to *OAS Weekly Newsletter, A Report on Development in the Americas*.

Although some United States aid to Latin American development has continued during the 1970's, it has changed both quantitatively and qualitatively. These alterations have come principally as the result of initiatives of the United States. But they have also been the result of changes in Latin America.

By the mid-1970's, the Latin American countries were very much less dependent on the United States

(Continued on page 36)

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*"The compelling imperative seems to be that the United States and other affluent countries cannot avoid the responsibility of providing massive assistance to less-developed countries, with foreign aid programs an essential but not usually the most important aspect of the overall relationship."*

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# The Compelling Imperative: Aid in South Asia

BY NORMAN D. PALMER

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For more than a quarter of a century the aid component, with variations in form and significance, has been a conspicuous and sensitive feature of United States-South Asian relations. For nearly 20 years India was the largest recipient of United States economic assistance, receiving nearly \$10 billion, and for several years, in the 1950's, Pakistan was a major recipient of United States military assistance, which amounted eventually to around \$1.5 billion. In recent years, direct economic aid to South Asian countries has declined, but the aid relationship is still one of the most sensitive aspects of the sensitive relations of the United States with the South Asian states, particularly with India, Pakistan and Bangladesh.

Foreign aid is only one aspect of United States foreign policy and of overall United States relations with developing countries. There are obvious linkages between aid policies and trade, investment, agriculture, technology and security. As Secretary of State Cyrus Vance pointed out in a statement before the Foreign Operations Subcommittee of the Senate Foreign Relations Committee in February, 1977, "Our foreign assistance programs are diverse in substance, serve a variety of objectives, and are aimed at a wide variety of targets."<sup>1</sup>

The Foreign Assistance and Related Programs Appropriation Act of 1977 provided for an appropriation of \$7.271 billion for fiscal year 1978, with \$6.298 billion for the "international affairs function" and \$973 million for the "national defense function." Under the international affairs function were listed appropriations of \$2.872 billion for multilateral assistance, most of which were allocated to the International Development Association (IDA), the soft-loan affiliate of the World Bank, and of \$3.426 billion for bilateral assistance, mainly for security supporting

assistance (\$1.887 billion) and for development assistance (\$1.335 billion). The main items under the national defense function were \$708 million for foreign military credit sales and \$230 million for grant military assistance.<sup>2</sup>

This breakdown of the overall United States foreign aid program shows that development assistance, which to many Americans is almost synonymous with foreign aid, represented hardly more than one-fifth of the appropriations requested for foreign aid in fiscal year 1978. It was overshadowed by appropriations for international financial institutions and for security supporting assistance, most of which now goes to two countries, Israel and Egypt.

Three of the major items in the overall foreign assistance program in fiscal year 1978, namely security supporting assistance, foreign military credit sales, and grant military assistance, are of no significance with respect to recent United States aid to the countries of South Asia. But these countries receive aid from development assistance and other forms of bilateral aid and from IDA and other international financial institutions to which the United States makes the largest contributions.

"Official development assistance (ODA)" which is the technical term for economic aid, "is defined as that part of official flow from developed market economies to developing countries and to multilateral institutions, which is expressly intended for the economic and social development of developing countries and which in its formal terms is concessional in character."<sup>3</sup> Thus it is both bilateral and multilateral in character. In 1976, about one-fifth of the total of \$13.533 billion in ODA to all countries—bilateral and multilateral—went to the countries of South Asia—\$1.340 billion to India, \$648 million to Bangladesh, \$445.8 billion to Pakistan, \$120.4 million to Sri Lanka, \$42.5 million to Nepal, and \$1.8 million each to Bhutan and the Maldives Republic. Of this amount, the United States provided about one-third, mostly through multilateral institutions.

The character of United States economic aid in South Asia may be best illustrated by a brief review of aid to India; this aid began in 1951 with a wheat loan

<sup>1</sup>The text of this statement of February 24, 1977, was made available on the same day by the Bureau of Public Affairs of the Department of State.

<sup>2</sup>These figures are taken from a table included with Secretary Cyrus Vance's statement of February 24, 1977, in the release of the Bureau of Public Affairs.

<sup>3</sup>*Statistical Yearbook 1977* (New York: United Nations, 1978), p. 870.

and by the time of its partial suspension in late 1971 totaled nearly \$10 billion. During this period, the United States provided 56.5 percent of all foreign aid utilized by India (12.3 percent was provided by the World Bank and IDA, 7.6 percent by the Federal Republic of Germany, 6.0 percent by Britain, 5.6 percent by the U.S.S.R., 4.4 percent by Canada, and 2.7 percent by Japan).<sup>4</sup>

The main categories of United States aid to India in the 1951-1971 period were development loans and grants, grants and loans under PL-480 (the Food for Peace Program), Export-Import Bank loans, and emergency assistance. During this same period, Pakistan received about one-third as much as India in economic aid—which of course meant a larger amount per capita—plus substantial military aid.

From the beginning, United States economic aid to India was the object of debate and criticism both in India and the United States and between the two countries. Even the wheat loan of 1951, which inaugurated the aid program, lost some of its value because Congress delayed so long in approving it and because of the barbed criticisms of India made by many members of Congress, which in turn provoked indignation and criticisms of United States actions and motivations in India. Indians complained about the “strings” and the political motives attached to American aid, and Americans criticized the alleged failure of the Indian planners and politicians to make effective use of domestic resources or external assistance.

During the administration of President John F. Kennedy (1961-1963), when Indo-American relations in general improved markedly, Congress blocked a proposed United States loan of \$512 million as the first installment of a United States commitment to help India build a huge steel plant in the public sector at Bokara. This action adversely affected Indian attitudes toward the United States and enhanced already favorable Indian attitudes toward the Soviet Union, which stepped into the breach left by the United States and helped India build the Bokara plant as a spectacular showcase of Soviet interest and aid.

In contrast to President Kennedy’s interest in and sympathy for India, President Lyndon Johnson seemed to have a low opinion of and little interest in that country. He was widely criticized in India for his policies in Vietnam, which further added to his irritation. He was accused by Indians of delaying promised food shipments to put pressure on India to change her political views.

In 1965, with the outbreak of the Indo-Pakistani war, the United States cut off aid to both India and Pakistan, but resumed it after a few months. The

same action was taken in December, 1971, at the end of a year marked by the United States “tilt toward Pakistan.” This was perhaps the lowest point in Indo-American relations, and the cutting of aid to India was simply one of a series of complications and setbacks. Bilateral development assistance was not resumed for nearly seven years, although food assistance and multilateral assistance to India through institutions to which the United States made major contributions continued. In 1975, for example, over 25 percent of the total foreign aid to India came from the United States through these two sources, in spite of the absence of bilateral developmental assistance.

In July, 1974, in reaction to India’s explosion of a nuclear device the previous May, the United States Congress voted to require the United States representatives to the World Bank and IDA to vote against low-interest loans to India. This requirement, which Indians and many others regarded as vindictive and petty, was not repealed until April, 1977.

In 1973, the American Congress called for a “new directions” strategy that would incorporate a new approach to development, with priority for the “basic human needs” of “the poorest of the poor” in the poorest countries, and with specific priority for food and nutrition, population planning, health and education, and human resources development. The proposed budget for development assistance for fiscal year 1978, for example, called for appropriations of \$587 million, \$177 million, \$120.8 million, and \$95.2 million, respectively, for these four programs, out of a total proposed budget of \$1.449 billion.

The “new directions” or “basic human needs” approach to development, as mandated by the United States Congress in 1973, is especially suited to the countries of South Asia. All are poor countries, well below the level of the \$560 per capita income per year that is selected by the United Nations as the dividing line between poor and middle-income countries. In fact, South Asia probably has more really poor people than any other region of the world. In India, for example, it is often stated that at least 40 percent of the people—more than 250 million people—live below the poverty line, and in Bangladesh the percentage is even higher. All South Asian states profess to give a high priority to agriculture and food production and health. Some progress is being made in these areas, but it is still far short of minimal needs.

Problems of population control and family planning seem to be of greater concern to individuals and groups in the developed nations than to the developing world, although these problems are more acute in the poorer countries, and especially in countries like India, Bangladesh and Pakistan, where so many of “the poorest of the poor” live. All these countries profess to be concerned about population control. During the emergency of 1975-1977 in India, the

<sup>4</sup>Brojendra Nath Banerjee, *Foreign Aid to India* (Delhi: Agam Prakashan, 1977), p. 126.

sterilization program seemed to be achieving amazing results. But this alleged success provoked such a reaction because of the ruthless methods by which it was pursued that it contributed to the surprising defeat of Prime Minister Indira Gandhi in the elections of March, 1977, and brought the whole family planning program "to a virtual halt."<sup>5</sup> Family planning has had significant results that seem likely to be lasting only in Sri Lanka, mainly as a result of local efforts and local circumstances. In the other South Asian countries, because of unfortunate experience, social resistance and limited political vision, the population problem has hardly been touched.

South Asian countries should benefit from the somewhat expanded economic assistance program of the United States in fiscal 1979, especially because this includes some increases in appropriations for PL-480, bilateral development assistance and multilateral development banks. India, for example, should benefit more from the first and third of these programs, and she will also receive some bilateral development assistance after a suspension of seven years. President Jimmy Carter did not request any aid appropriation for India in his first budget. But Congress, reflecting a mood very different from the atmosphere that led to the legislation of 1974, wrote in an authorization for \$60 million for Indian development. Development assistance to India was officially resumed in August, 1978, when three agreements were signed, involving a commitment of \$60 million—a loan of \$30 million for developing medium irrigation systems in the state of Gujarat, a loan of \$28 million for the import of anti-malarial insecticides (malaria has now reappeared on a large scale in India), and a grant of \$2 million for the application of science and technology for the benefit of rural areas. In fiscal 1980, development assistance in the amount of \$90 million is envisaged—\$58 million for rural electrification schemes and \$32 million for malaria control programs. These are small sums compared to previous bilateral economic assistance to India, which for some years was running in the neighborhood of \$200 million a year, and compared to other forms of current economic assistance to India to which the United States is making substantial contributions. Even in fiscal 1980, direct United States aid to India will be only a little more than half of what India will pay to the United States in debt service payments.

On April 6, 1979, the United States informed Pakistan that it would cut off both economic and military aid because Pakistan, it alleged, was surrep-

titiously obtaining materials to build a nuclear plant which she refused to place under international inspection and safeguards—a requirement for all United States aid recipients written into foreign aid legislation. The amounts involved were small. Pakistan will lose most of the \$40 million budgeted for United States economic assistance in fiscal 1979 and all of the \$45 million requested for fiscal 1980, plus about \$600,000 a year for military training. This action created resentment in Pakistan and raised doubts in the minds of many Americans. Using aid as a weapon to exert pressure on friendly countries—even on such an important issue as nuclear safeguards—was widely regarded as a dubious way to promote national interests and international development.<sup>6</sup>

If the United States is sincere in seeking to make a significant contribution to meeting "basic human needs" in the poor countries, with particular reference to the "poor majority" of people in those countries, South Asia would warrant such assistance to a degree unparalleled in any other part of the world. Whether United States programs are well designed to meet such needs in South Asia and whether they have been effectively implemented by the United States and recipient governments cannot be determined with any objectivity. A strong case can be made either way.

The compelling imperative seems to be that the United States and other affluent countries cannot avoid the responsibility of providing massive assistance to less-developed countries, with foreign aid programs an essential but not usually the most important aspect of the overall relationship. It is in the United States national interest to assist poorer nations to deal more effectively with their economic, social and political problems; and foreign aid and other enlightened policies and programs can make an important if marginal contribution to that end. On the other hand, the results of massive foreign aid programs in South Asia over a period of more than a quarter of a century have been disappointing (or are widely perceived to be disappointing) and the reactions to these programs, both in donor and recipient countries, have often been negative.

In the present atmosphere of disillusionment about development efforts in the United States, continued large-scale aid to the South Asian countries may be regarded as an unproductive diversion of resources that could be better used at home than in countries where such aid will be wasted and unappreciated. In the South Asian countries, especially in India, American aid has often been described as an act of imperialism and a form of "disguised trading," serving American interests rather than South Asian. "It was," wrote an Indian commentator in a highly critical analysis of foreign aid to India, "a unilateral act of interference in the affairs of India, both internally and externally."<sup>7</sup>

<sup>5</sup>Rami Chhabra, "The Problem," *Seminar* (New Delhi), no. 213 (November, 1978), p. 10. Chhabra is Project Director, Communications, Family Planning Foundation, New Delhi.

<sup>6</sup>For a contrary view see the editorial, "Ban the Bomb in South Asia," *The New York Times*, April 16, 1979.

<sup>7</sup>Banerjee, *op. cit.*, p. 273.



In meeting "basic human needs" in South Asia, special mention should be made of the American voluntary agencies that have been and are operating in various South Asian countries. These agencies supplement official efforts. While they cannot command the resources that governments make available, they provide competent and dedicated personnel who operate in more modest ways than official personnel and who are more directly in touch with the people they serve. One well-known American voluntary organization, CARE, has representatives in Bangladesh, India, the Maldives Islands, Pakistan, and Sri Lanka, and the Agricultural Development Council and the Ford Foundation are represented in all these countries except the Maldives Republic.

Even though the development needs of the South Asian countries greatly exceed the resources that are available from any quarter, one sometimes wonders whether some of the poorer countries of the area are not in fact receiving more aid than they can absorb or utilize effectively. In late 1978, an American journal called attention to the phenomenon of "aid overkill" and pointed out that the *United Nations Observer* had warned that "Bangladesh may be the world's first victim of too much aid." According to this commentary, total foreign aid to Bangladesh has already exceeded \$1 billion, and in spite of this massive infusion of aid, much of it in the form of food, "the food-grain gap is widening." One startling incidental item was the revelation that "there are more than 2,000 voluntary agencies working in the country at the present time, including 138 organizations dealing with agricultural development alone."<sup>8</sup>

A significant thrust of the United States foreign economic assistance program aims to help the developing countries to build a more extensive and sounder technological infrastructure and to find the "appropriate technology"—usually translated as intermediate or small-scale technology—that will best suit their needs.

This approach, if properly implemented, is congenial to the outlook of most developing countries. India is a leader among these countries in seeking to achieve greater technological self-reliance and independence and in developing the technology that is most appropriate for India.

#### MILITARY AID

The United States has provided significant military assistance to only one South Asian country, namely, Pakistan. In February, 1954, President Dwight D. Eisenhower announced that the United States was

embarking on a program of military assistance to Pakistan and would enter into a mutual security arrangement with her. He made the same offer to India, but India indignantly refused. Later in 1954, the United States joined Pakistan and six other countries in the Manila Treaty that created the Southeast Asia Treaty Organization (SEATO), and in the following year it encouraged, but did not fully join, the Baghdad Pact (later the Central Treaty Organization, CENTO), of which Pakistan was a member. Under bilateral and multilateral security arrangements with Pakistan, the United States became the main supplier of weapons and military equipment to Pakistan, eventually supplying about \$1.5 billion in military aid.

This military association with Pakistan was widely criticized in India and elsewhere, and within a few years it led to disillusionment in Pakistan itself. Pakistan became "America's most allied ally in Asia," as Pakistani President Ayub Khan told a joint session of the United States Congress in the summer of 1961; but shortly thereafter United States-Pakistani relations cooled, because of United States preoccupations elsewhere and especially because of United States emergency military aid to India during the Sino-Indian border conflict of October-November, 1962. Ayub Khan subsequently voiced his own and his country's disillusionment with the United States in a book significantly entitled *Friends Not Masters*.

The United States policy of military assistance to and alliance with Pakistan is still a subject of controversy and debate. The alliance was understandable in terms of Secretary of State John Foster Dulles' "pactomania" of the mid-1950's. It presumably helped to shore up the soft underbelly of the United States defense system around the periphery of the Soviet Union. Pakistan became a security anchor in the vast weak area between Turkey, the easternmost anchor of NATO, and Thailand and the Philippines, the Southeast Asian states that had agreed to join SEATO. For Pakistan, the American alliance brought greater international recognition and presumably put Pakistan in a better position to defend herself, especially against India (although the United States had made it clear that neither its bilateral nor its multilateral security arrangements with Pakistan were applicable against India). But after a few years the United States and Pakistan began to drift apart, when the alliance did not lead to the expected results for either country.<sup>9</sup>

In the fall of 1965, because of the Indo-Pakistani war, the United States suspended military and economic aid to both India and Pakistan—a step that hurt Pakistan more than India. Pakistan was heavily dependent on American arms supplies, whereas India was not. Arms aid was resumed to Pakistan on a limited basis within a few months and was continued, on an even more limited basis (even during the 1971

<sup>8</sup>"Aid Overkill," *Asian Affairs*, vol. 5 (July-August, 1978), p. 138.

<sup>9</sup>See for example "The Pakistan Alliance: Case History of a Mistake," originally published as a three-part article in the *New Republic*, August 10, 24, and September 7, 1959.

**TABLE 1: U.S. Military Aid in South Asia**  
(in millions of dollars)

Country	Military		Military	
	Sales 1960-69	Deliveries 1970-77	Assistance 1960-69	Deliveries 1970-77
India	19.3	10.8	86.7	3.2
Pakistan	40.3	110.1	301.1	—
Sri Lanka	Less than \$50,000	Less than \$50,000	—	—

Source: *Statistical Abstract of the United States 1978* (Washington, D.C.: U.S. Government Printing Office, 1978), p. 374.

crisis in South Asia), until the outbreak of war between Pakistan and India in December, 1971. In recent years, Pakistan has had to look elsewhere for her arms and military equipment, which created special complications because the United States had been by far her major arms supplier. In late 1978, the Carter administration informed Pakistan that it would not approve a request for A-7 fighter-bombers to replace obsolescent American-made aircraft. In March, 1979, Pakistan signed an agreement with France to purchase 32 Mirage jet interceptors. By that time, three countries—China, France, and Portugal—were supplying more arms and military equipment to Pakistan than was the United States. The United States suspension of both economic and military aid to Pakistan in the following month further strained United States-Pakistani relations.

#### INDIA'S APPEAL FOR ARMS

In his indignant reaction against United States arms aid and alliance arrangements with Pakistan, India's Prime Minister Jawaharlal Nehru said repeatedly that he would never demean himself and his country by turning to the United States for arms and protection. But when the Chinese attacked India in October, 1962, Nehru appealed immediately to the United States and several other nations for emergency military assistance. The United States promptly sent India military aid valued at around \$60 million. It did not respond to Nehru's feelers for substantial air cover; however, it agreed to some joint air arrangements, which soon were unwelcome in India, and it agreed to supply military aid amounting to several hundred million dollars over a five-year period. Actually, only about \$80 million of this aid was delivered, because the Indo-Pakistani war of 1965 led the United States to suspend military aid to both India and Pakistan.

In recent years, the United States has provided a small amount of supportive military aid to India, and it has sold India a few million dollars worth of military supplies. But, in effect, aside from the very special emergency aid during the Sino-Indian border war of 1962 and its immediate aftermath, military aid has not been a noteworthy feature of Indo-American relations. Indeed, the absence of such aid during most

of the period of India's independence has been far more noteworthy.

Viewed in the context of total United States arms supplies abroad, including both sales and military assistance, no South Asian country, including Pakistan, is high on the list of major recipients of United States military supplies. This is in contrast to the aid relationship, which for many years was significant for both India and Pakistan. Relatively, far more military matériel was provided to South Asian countries by other arms suppliers. The Soviet Union is the main military supplier to India, followed by France, Poland, and the United Kingdom; China is the main supplier to Pakistan, with France becoming an increasingly important additional source, China is the main supplier to Bangladesh, and the United Kingdom is the main supplier to Sri Lanka.

Except for continuing military aid to Pakistan in the early 1960's, and less than \$150 million worth of military sales to that country, the United States has provided relatively small amounts of arms and military equipment to South Asian countries in the past two decades. This is shown in Table 1.

The reaction of the countries of South Asia, like most other non-totalitarian countries, to President Carter's elevation of human rights to the top of the foreign policy agenda was ambivalent. South Asians were particularly sensitive to the linkage of human rights issues with economic or military assistance. Basic United States foreign aid legislation now prohibits assistance to countries grossly violating human rights (as determined by the United States), unless this prohibition would directly and adversely affect the needy people of the recipient countries (also as determined by the United States). The United States State Department is required to submit an annual report to Congress on the status of human rights in all countries receiving any form of United States foreign assistance. This has provoked indignant reactions and has created many complications in U.S. relations with many recipient countries, including countries in South Asia. Virtually all the South Asian states protested against the evaluation of the status of human rights in their countries in the State Department's 1977 report.

The 1978 report was more to their liking. This report found that India and Pakistan had gone

(Continued on page 37)

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*"The main difference between United States-Southeast Asian relations yesterday and today is the fact that our actions in 1979 appear to be carefully measured, not crisis-generated or episodic. This represents a genuine maturing of American foreign policy, including economic aid and military policies."*

## United States Aid in Southeast Asia

BY RICHARD BUTWELL

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TODAY'S United States bilateral and grant aid to Southeast Asia is modest by the standards of the peak years of the cold war or the long Vietnam conflict. The three countries to which almost all American aid has gone in recent years, moreover—the Philippines, Indonesia and Thailand—have not enjoyed democratic political systems. Human rights, indeed, have been violated in each of these lands—especially by the governments that currently rule the Philippine and Indonesian archipelagoes. On the other hand, the quality and extent of these violations pale by comparison with violations of human rights in the three neighboring Communist nations of Vietnam, Cambodia and Laos since the end of the Indochinese war.

Has American foreign aid helped to sustain autocratic ruling elites that commonly violate human rights? Or is it possible that the full authoritarian force of such regimes may have been moderated by the need for official American approval?

Traditionally, American administrations—from Presidents Harry Truman through Richard Nixon—aided the authoritarian governments of pre-Communist Vietnam, Cambodia, Laos and Thailand. Cambodia and Laos eventually succumbed to the Communist insurrections that had prompted United States assistance. And the surviving non-Communist Thai government probably avoided a similar fate not as a result of American economic, technical or military assistance, but because the Thai Communist rebels were not so numerous, popularly supported, well led, or foreign-aided as the Communists in Vietnam, Cambodia and Laos.

Indeed, American aid in the 1950's and 1960's may have significantly weakened the anti-Communist regimes of South Vietnam, Cambodia and Laos. Not only did the United States fight their war for the South Vietnamese, but American aid allowed the political leadership of South Vietnam to survive (for a while) without developing internal support. United States assistance did not significantly advance the

economic development of South Vietnam, Cambodia or Laos. Moreover, successive South Vietnamese regimes extensively violated human rights, far beyond the provocations of the pressures of war, while the tyrannies of the Cambodian government of Lon Nol in the first half of the 1970's have been forgotten because of the extraordinarily ruthless regimes of the Communists Pol Pot (1975-1979) and Heng Samrin (1979 to date).

In the years since 1975 and the fall of Vietnam, the official American role in Southeast Asia has declined, and Soviet and Chinese activity and involvement have substantially increased. The major Communist states are trying to play a more important part in the region's affairs; at the same time, the decline of the United States role reflects American disappointment with the defeat in the Indochina wars (1960-1975) and the limited results of a quarter century of fairly lavish United States foreign aid to the friendly lands of the region.

As a result, American government aid to Southeast Asia in 1978 amounted to only \$300 million. This aid total should be compared with United States imports from Southeast Asia of more than \$7 billion and United States exports to that area of \$4 billion in 1977. This trade was very much to Southeast Asia's advantage. During the same period, United States direct private investment in the area totaled \$4 billion.

Southeast Asia is clearly still important to the United States; and the United States is even more important to the non-Communist countries of Southeast Asia, Malaysia, Singapore and Burma, the Philippines, Indonesia and Thailand. Ninety percent of American natural rubber imports and three-fourths of United States tin purchases come from Southeast Asia, which also supplies almost all United States needs for copra and coconut oil.<sup>1</sup> The region, moreover, is on the most direct sea route between Japan and the Middle East and Europe—with great strategic importance for the United States and its Japanese, European and Middle Eastern allies.

Today, President Jimmy Carter has ruled out a direct American military role in the persisting conflicts of East and Southeast Asia, although the United

<sup>1</sup>Statement of Assistant Secretary of State for East Asian and Pacific Affairs Richard C. Holbrooke in *Department of State Bulletin*, April 1978, p. 33.



States recently pursued the reconfirmation of its base privileges in the Philippines with some intensity. Traditional (and not so traditional) diplomacy and economic policy are now the main instruments of United States foreign policy in Southeast Asia. Can they advance American aims, including the human rights goal articulated by President Carter? Can they assist in the continuing development of the major non-Communist lands of that region?

### THE PHILIPPINES TODAY

The Philippines, the United States' onetime colony and close Southeast Asian ally, has been under the self-assumed dictatorial rule of President and Prime Minister Ferdinand E. Marcos for the past seven years.<sup>2</sup> Marcos, twice elected (in 1965 and 1969), dissolved the Philippine Congress and otherwise altered his country's political life in 1972, ostensibly because of a threat to his nation's security.<sup>3</sup> His most likely successor, Senator Benigno Aquino, was jailed and subsequently found guilty of murder, subversion and illegal possession of arms in an obviously political trial and was sentenced to die.<sup>4</sup> His sentence has not been carried out, however, and probably will not be so long as Marcos remains in power. But Aquino, whose chief crime is his opposition to President Marcos, remains in jail, like many other Filipinos, for political reasons.

There is no question that the Marcos regime is by far the most abusive of basic human rights of any government an independent Philippines has ever had.<sup>5</sup> It is the only Philippine government to jail non-Communist, democratic opponents of the govern-

ment. After April, 1978, elections for a mock legislature, President Marcos jailed hundreds of demonstrators protesting its blatantly rigged results. The strength of the opposition to his rule reflected in campaigning for the National Assembly so frightened Marcos that he cancelled local elections, previously scheduled for 1979.

Nonetheless, the Marcos government has been the recipient of substantial American foreign aid throughout these years of "constitutional authoritarianism" (as the Filipino leader has called the martial law he proclaimed in 1972). Indeed, unless the American Congress poses insurmountable obstacles (which it can do), the non-democratic Marcos regime will receive increased United States assistance—at a level significantly above that of any other Southeast Asian government—over the next five years.

The reason for increasing American aid is the national security interest of the United States or the perception of that interest in the eyes of the very same American President Carter who has otherwise directed more attention to the protection of human rights as an aspect of United States foreign policy than any previous President.

Two of the most important United States overseas military facilities—Clark Air Force base (the second largest such United States operation in the world) and the important Subic Bay naval station—are located in the Philippines. In literally the final hours of 1978, Washington and Manila agreed on new terms for the United States retention of the use of these facilities.<sup>6</sup> The agreement included a five-year, \$500-million aid package, with the administration pledging its "best efforts" to gain congressional acquiescence to \$250 million in economic assistance and another \$250 million in arms sales credits.<sup>7</sup>

However, President Carter has not ignored the fate of the jailed and condemned Senator Aquino and other Filipino political prisoners, and other violations of human rights in the Philippines. Vice President Walter Mondale visited Manila, among other Southeast Asian and Western Pacific capitals, in May, 1978, and discussed the restriction of freedom with President Marcos and with some of Marcos' opponents.<sup>8</sup> The State Department's top official concerned with human rights met earlier with Filipino leaders in Manila, and her reported "lecturing" of Philippine officials so infuriated Marcos that he almost refused to allow the Mondale mission.

But the retention of the use of the Clark and Subic Bay bases was clearly more important in the eyes of the administration and, rather than using its aid to force a liberalization of Filipino politics, the United States assumed an unprecedented advance commitment to assist the Marcos government with aid and arms credits, if possible, as part of the price for the bases.<sup>9</sup> *The New York Times* protested that the price

<sup>2</sup>The best recent survey of the Philippine situation is Robert Shaplen's "Letter from Manila" in *The New Yorker*, March 26, 1979, pp. 56-101.

<sup>3</sup>Recent Marcos efforts to expand debate in his National Assembly have been generally regarded with suspicion. *The New York Times*, March 19, 1979.

<sup>4</sup>A petition campaign was being waged in early 1979 for Aquino's release. James P. Sterba in *The New York Times*, April 9, 1979.

<sup>5</sup>Marcos has even jailed street protesters—a mere 15—against inflation. William Chapman in the *Washington Post*, April 11, 1979.

<sup>6</sup>Don Oberdorfer described the pact in the *Washington Post*, January 1, 1979.

<sup>7</sup>Later defending the pact, President Carter claimed "modest improvements" in the Philippine human rights situation. *Christian Science Monitor*, March 22, 1979.

<sup>8</sup>Mondale, however, also signed a \$42-million aid agreement while in the Philippines. Frederic A. Moritz, *Christian Science Monitor*, May 10, 1979.

<sup>9</sup>Marcos's subsequent efforts to draw closer to the United States—in the wake of the two wars in Indochina in early 1979—suggest that the Carter administration may have offered more aid than it had to to get the new bases agreement (or that it could have used the negotiations in support of an improvement in the human rights situation). See William Chapman's story from Manila in the *Washington Post*, April 2, 1979.

was too high and suggested editorially that the United States really did not need the Clark and Subic Bay bases given United States access to other facilities in the Marianas, Singapore and Coburn Sound in Australia.<sup>10</sup>

The five-year pledge, moreover, raised an important domestic political question for the United States, and cast doubt on the sincerity, impartiality and importance of President Carter's often articulated concern for human rights. The pledge was a transparent attempt to limit the impact of anticipated future United States congressional opposition to foreign assistance for the Philippines on the grounds of human rights violations. President Carter can and surely will claim that the United States has made a commitment to the Philippines and that failure to honor this commitment will encourage doubt about the credibility of American foreign policy.<sup>11</sup>

This is not to say that the United States should not provide foreign aid to the Marcos government in the Philippines. There are several very good reasons to provide that government with both economic and military assistance.

The Philippines faces a major Muslim insurrection in the southern part of the islands, which has lasted five years and has cost 60,000 lives.<sup>12</sup>

The Communist New People's Army, probably possessed of 3,000 armed adherents, has stepped up a minor but threatening revolt against the government.

Increased Soviet and Chinese activity in Southeast Asia, primarily in Indochina, may have added new significance to the Clark Air Force and Subic Bay Naval facilities.<sup>13</sup>

But it should also be recognized that United States

<sup>10</sup>The *New York Times*, March 31, 1979. See also Professor George McT. Kahin's article, "The Need to End Our Risky Military Ties to Manila," in the *Washington Post*, Sunday, August 27, 1978. Kahin's critical article contains a number of facts not otherwise found.

<sup>11</sup>President Carter did use this argument in an early 1979 effort by congressional opponents to cut aid to the Philippines. *Christian Science Monitor*, March 22, 1979.

<sup>12</sup>A good account of the Muslim insurgency is provided by Dan Morgan in the *Washington Post*, November 9, 1978.

<sup>13</sup>A very good article is Robert C. Horn's "Soviet-Vietnamese Relations and the Future of Southeast Asia," *Pacific Affairs*, Winter, 1978-79, pp. 585-605.

<sup>14</sup>National Assemblyman Reuben Camoy said in March, 1979, that President Marcos would lose in a truly free election because of his "abuses of power." *Far Eastern Economic Review*, March 30, 1979, p. 5.

<sup>15</sup>Though Senator Acquino remained under detention, together with many other Filipino political prisoners, President Marcos released a number of detainees following United States Vice President Mondale's visit—2,636 through June 28, 1978. *Christian Science Monitor*, June 29, 1978.

<sup>16</sup>The United States government also spends about \$800,000 to train Thai military in the United States.

<sup>17</sup>See the interview with Prime Minister Kriangsak in *U.S. News & World Report*, February 19, 1979.

aid and military credits to the Philippines legitimizes the Marcos regime in the eyes of many pro-American Filipinos and helps that government retain power. Because Marcos is not a popular leader,<sup>14</sup> as demonstrated during the campaigning for the April, 1978, "elections" and the subsequent street protests, the United States has compromised itself in the eyes of many Filipinos, a fact that could prove important when Marcos loses power. Finally, it can be claimed that the United States abets human rights violations in the Philippines as a result of its strong and generous support of the Marcos regime. It can be said, that the United States speaks loudly of Cambodian rights violations—which it is in no position to alter—but does very little effectively to press a friendly government because of the high priority of retention of military bases on that country's soil.<sup>15</sup>

### THAILAND: ON AGAIN, OFF AGAIN

In the 30 years since 1950, Thailand has been a political barometer of United States foreign policy in Southeast Asia. The Thai and the Filipinos supported the American creation of SEATO (the Southeast Asian Treaty Organization) in 1954; the Thai provided bases for the conduct of the Indochina war in the 1960's and early 1970's, and even sent some of their own troops to fight in Vietnam. After South Vietnam's defeat in 1975, however, United States assistance to Thailand declined when United States forces were withdrawn from Thailand and American use of Thai bases ended.

By 1978, American military assistance to Thailand included \$24 million in credits for arms purchases in a total Thai defense budget of \$900 million, as contrasted with \$90 million in direct military aid from Washington to Bangkok as recently as 1972. The Thai purchased an additional \$100-million worth of military equipment from the United States without any credits<sup>16</sup> and another \$100 million in arms and ammunition from other national sources, including the United Kingdom and Israel.

But Thai Premier and General Kriangsak Chamanand has been critical of the less than timely United States supply of military goods, desiring, as he put it, "continuing and constant delivery of ammunition and arms."<sup>17</sup> The Thai concern was heightened by the early 1979 invasion of neighboring Cambodia by Vietnamese troops and the establishment of a pro-Hanoi satellite regime in Phnom Penh, headed by Heng Samrin. The American reaction was less sharp than it had been in earlier crises in the 1950's and 1960's, but a possible swing of the pendulum could still be seen in the response of the administration.

General Kriangsak visited Washington in February, 1979, and President Carter agreed to raise the level of United States military sales credits to Thailand to \$30 million, the level of similar credits in

1977.<sup>18</sup> The United States also promised to hasten the delivery of a squadron of F-5E tactical fighters and other military hardware previously purchased. In addition, President Carter pledged that he would ask Congress to transfer to the Thai, without payment, the \$11.3-million worth of American ammunition stored in their country since the Vietnam war ended.

United States military aid to Thailand, largely in the form of arms credit sales, was not unrelated to the country's economic development needs. By 1979, most American economic-technical assistance to Southeast Asian countries was indirect, channeled through the World Bank and the Asian Development Bank and, in the case of Thailand, focused on agricultural diversification and rural development. The Kriangsak government itself planned to spend \$1 million in 1979 for rural development. But Vietnam's 1979 invasion of adjacent Cambodia, giving the Communist Vietnamese a de facto common border with the Thai, raised priority problems for Bangkok. Would the Thai have the opportunity to deal with their agricultural development difficulties in the wake of Vietnam's victory in the short war with the highly unpopular Pol Pot regime in Cambodia—given the four-to-one superiority of the Vietnamese army, Vietnam's combat experience, and the stepped-up level of Soviet military aid to Hanoi?

#### INCREASED MILITARY SALES

During General Kriangsak's February, 1979, Washington visit, accordingly, he was apparently privately assured by United States officials that the publicly promised increase in military credit sales for 1979-1980 to \$30 million might be further increased to \$50 million. For reasons also related to the new

<sup>18</sup>Economic, not military, aid was the prime focus of the official talks between Vice President Mondale and Premier Kriangsak in Bangkok in 1978. Mondale, on behalf of the United States, agreed to a \$5.5-million American rural health loan and discussed United States aid to the Thai crop substitution program.

<sup>19</sup>For an account of the Kriangsak regime, see Frank R. Darling, "Thailand: Transitional Military Rule," *Current History*, December, 1978, pp. 208-211, 227.

<sup>20</sup>Popular reaction to the election campaign was highly apathetic, according to Richard Nations, in "Words Falling on Deaf Ears," *Far Eastern Economic Review*, April 20, 1979. For an analysis of the role of the appointed upper house in Thai politics, see Nations, "Facing a Range of Power Plays," *Far Eastern Economic Review*, March 30, 1979.

<sup>21</sup>Thai terrorists in early 1979 were estimated to number about 12,000.

<sup>22</sup>On his 1978 trip to Southeast Asia, Vice President Mondale discussed, with Indonesian leaders, expanded long-term PL 480 and other forms of food aid if they would make greater efforts to increase agricultural productivity. *Department of State Bulletin*, July, 1978, p. 24.

<sup>23</sup>For an account of the nature of the Indonesian regime of President Suharto, see Richard Butwell, "Indonesia: How Stable the Soldier State?" *Current History*, December, 1978, pp. 212-216, 229.

Indochina warfare, the Thai leader sought a fourfold increase in non-credit military sales by Washington to Bangkok—from \$100 million to \$400 million.

This was before the outbreak of fighting between China and Vietnam—itsself a direct and immediate consequence of Soviet-allied Vietnam's defeat of pro-China Cambodia. As a result of the Sino-Vietnamese conflict, Indochina's second short war in three months, the Carter administration indicated its sympathy to weapons requests from members of ASEAN (the Association of Southeast Asian Nations), that is, from the non-Communist governments of Indonesia, the Philippines, Malaysia, Singapore and Thailand.

Increased United States military aid to Thailand, in the form of expanded arms credit sales or by other means, could be a major new development, signaling Washington's willingness to play a larger political role in the region. There will probably be a decline in American development assistance largely channeled through international agencies during the same period. This does not indicate that military is again taking precedence over economic aid in American foreign policy. The United States share of international aid efforts has been declining and probably will continue to decline in any event, as other countries develop a greater relative capacity for assistance.

Whatever the means of aid delivery, will not military assistance, particularly arms sales and credits, in effect perpetuate still another military-dominated Thai government? This is not an easy question to answer. Although Premier Kriangsak was not originally elected to the premiership,<sup>19</sup> his is not an oppressive, rights-violating or unpopular regime. Moreover, Kriangsak did hold elections as promised in April, 1979, which confirmed his rule.<sup>20</sup> The fighting in adjacent Indochina, significantly, did not provide an excuse to delay the voting, nor should it have been delayed, in view of the fact that one result of the Vietnamese invasion of Cambodia was a significant decline in Thai-Cambodian border incidents and Thai terrorist activity in general.<sup>21</sup>

#### AID TO INDONESIA

Indonesia is the largest and most populous Southeast Asian country. A Muslim land and a leading member of ASEAN, Indonesia is also the region's richest state in terms of natural resources, still largely underdeveloped, and, as a food-deficit country, was the world's largest importer of rice in 1978.<sup>22</sup> Indonesia is a land of very considerable strengths and weaknesses—a fact of which President (and General) Suharto, its leader since the middle 1960's, is clearly aware.<sup>23</sup>

Because of Indonesia's low level of developed wealth (reflected in an average per capita income of only \$300), the Suharto government has de-emphasized military spending and has pushed economic



development. Like Thailand, moreover, by the late 1970's Indonesia was no longer receiving direct military assistance from the United States—not that United States military aid to the Indonesians had ever been large by mainland Southeast Asian standards. For 1978, direct United States military aid totaled \$43 million—less than twice the amount given to Thailand, despite the fact that Indonesia is a far larger country with more than three times Thailand's population. United States development assistance to Indonesia, like the aid to Thailand, was largely channeled through the World Bank and the Asian Development Bank.

Like the Philippines, Indonesia's political leadership has drawn considerable international criticism for its violation of political and other human rights. President Suharto has twice held national elections (in 1971 and 1977), but candidates have been carefully controlled, and the outcomes have been assured. Moreover, the President himself is indirectly elected—by the membership of parliamentary and supraparliamentary bodies that he has selected. Press criticism of the government, moreover, has been repeatedly checked during the years of the Suharto leadership.

But the chief criticism of human rights in Indonesia has been directed at the continued detention of alleged Communist participants in the September 30, 1965, anti-army plot—and their sympathizers—that unintentionally led to the fall of Communist-leaning, President Sukarno and the emergence of General Suharto as the country's leader. On the occasion of his 1978 Southeast Asian-Western Pacific trip, Vice President Mondale pressured the Indonesian leadership to release prisoners against whom there were no specific charges and who had never been tried.<sup>24</sup> The bait was the delivery of A-41 aircraft and continued military sales credits and arms transfers in general. The Suharto government agreed to release additional prisoners by the year's end and has honored this promise.

Indonesia, accordingly, offers an example of the exertion of United States pressure for the improvement of human rights in an aid-receiving, friendly country. Three factors, however, made this possible. Indonesia wanted American aircraft and other military hardware on liberal terms; the United States was willing to exert the appropriate leverage (and was able

to do so with skill); and Indonesia's leadership probably no longer really feared most of the political prisoners it was holding.

The release of the prisoners notwithstanding, the Suharto regime is a far from universally popular one. And the problem of too close an American identification with the present government—as in the Philippines—is a real one. However, the problem is one for the United States, not for the Indonesian leadership. Of the three closest American allies in Southeast Asia—the Philippines, Thailand and Indonesia—the Jakarta government is probably the least dependent on foreign support. Thus it cannot be said that the United States is helping to keep a non-democratic regime in power; the Suharto regime would probably remain in power irrespective of United States aid.

### OTHER STATES

United States foreign policy towards Southeast Asia focuses primarily on the support of three states: the Philippines, its oldest ally and site of two major American bases; Thailand, situated in the heart of mainland Southeast Asia and adjoining Communist Vietnam-dominated Cambodia and Laos; and Indonesia, the sprawling archipelago that forms the region's southern rim. Two other states, Malaysia and Singapore, are these countries' ASEAN partners; and both these states enjoy friendly relations with the United States and receive substantial private American investment. In 1978, however, Malaysia, not a traditional major recipient of United States aid, received \$13.5 million in military sales credits from Washington. Singapore, where more United States companies invest than anywhere else in Southeast Asia, receives no American aid.<sup>25</sup>

United States-Burmese relations are correct and improving. But the United States has not had regular aid relations with hermit-like Burma for several years. However, the two governments cooperate in the international fight against opium production and traffic, and Washington has given Burma helicopters to aid in this fight.

The remaining Southeast Asian countries are Vietnam, Cambodia and Laos—all of which have Communist governments and none of which receives American aid. Both Cambodia and Laos today are Vietnamese satellites and, while the United States has an embassy in Vientiane, its relations with the Lao-

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<sup>24</sup>President Suharto promised Mondale to release, or bring to trial, some 20,000 persons still detained as a result of the abortive 1965 plot. Frederic A. Moritz, *Christian Science Monitor*, May 10, 1978. See also *Washington Post*, May 7, 1978.

<sup>25</sup>Nearly 500 United States corporations have offices in Singapore. David D. Newsom, "East Asia: The Dominoes that Did Not Fall," *Department of State Bulletin*, December, 1978, p. 29. Newsom is Undersecretary of State for Political Affairs.

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## UNITED STATES FOREIGN AID IN PERSPECTIVE

(Continued from page 4)

for the crisis. Aid was designed both to promote economic and social progress and to restore or maintain political stability and security. While some congressmen supported the economic goals of aid and opposed its use for security goals, others approved of aid for security purposes, but were unwilling to spend American dollars for foreign development.<sup>7</sup> Moreover, the multiple goals of aid were not always compatible. The desire to maintain cordial diplomatic relations or concern for security sometimes inhibited United States concerns for economic development and reform. For the recipient countries, the fact that aid was sometimes used to protect American economic interests or for security purposes lent credence to the view that aid was a neocolonialist scheme.<sup>8</sup>

In the late 1960's, the uncertainty concerning aid spanned a number of major commissions and studies. Among the most prominent was the Committee for Economic Development's (CED) policy statement of 1969, arguing for a new government-supervised corporation to promote private investment. Other reports emphasized shifting the United States program towards a multilateral system, whereby American funds would go to multilateral agencies and be distributed from there to developing countries.

### NEW DIRECTIONS IN AID POLICY

In the 1970's, aid is regarded as a marginal contributor to the resolution of limited and specific problems in developing countries. Thus, a basic redirection of American bilateral development aid policy occurred in 1973. The new aid policy shifted the emphasis from strategies aimed at maximizing economic growth and industrialization to those focusing on aiding the poorest groups in poor countries. The preamble to the 1973 aid bill stated that "greatest emphasis should be placed on countries and activities which effectively involve the poor in development by increasing their access to the economy through services and institutions at the local level."

<sup>7</sup>For example, between 1962 and 1965, Senator William Fulbright, Chairman of the Senate Foreign Relations Committee, urged that economic assistance be separated from military assistance for purposes of congressional consideration. On the other hand, Representative Thomas Morgan, chairman of the House Foreign Affairs Committee, insisted that the two programs be handled at the same time, fearing that if they were split, the economic assistance component would be cut to ribbons.

<sup>8</sup>For an example of this view see Teresa Hayter, *Aid as Imperialism* (New York: Penguin Books, 1971).

<sup>9</sup>Speech by Secretary of State Henry Kissinger, quoted in the *Department of State Bulletin*, July 8, 1974, pp. 49-55.

The new aid policy embodies a refinement in the concept of interdependence. Secretary of State Henry Kissinger, in testimony before the Senate Foreign Relations Committee in June, 1974, stated that,

Our economic assistance is designed to reinforce developing nations' efforts to bring a better life to their citizens, increasing their stake in a cooperative global economy. . . . [There is] no alternative to a network of relations that remove the incentive for war and deepen the stake in peace. . . . If this is the reality, then obviously programs of foreign assistance are not hand-outs—they are done on behalf of international order and on behalf of an approach to the solution of problems that is in all our interests and very much in the American interest.<sup>9</sup>

But in practice the reorientation of aid policy has not been easy. Because of the continued political purposes behind aid, e.g., aid to Middle East countries, the goal of aiding the poor is elusive.

On taking office in January, 1977, President Jimmy Carter put the issue of human rights at the center of United States foreign policy. This emphasis has had an impact on American aid policy. Today, foreign aid is concerned not only with the material uplifting of underdeveloped societies but also with influencing the evolution of a global community with shared values in protecting human rights. This is a difficult undertaking.

Administration officials have defined human rights in three broad dimensions—the integrity of the person, basic human needs and civil liberties. Thus, in 1977 and 1978, the administration refused loans and cut back on security assistance to several countries on grounds of human rights violations.

Yet, the leverage that the United States government has on governments that violate human rights is limited. Several cases of human rights-based pressure have backfired. In Latin America, American pressure on Argentina created a new sense of unity, partially based on anti-Americanism, among right-wing regimes. Bringing human rights concerns to the World Bank increased the politicization of the institution, to the possible long-run detriment of United States interests.

For many developing countries, human rights mean economic and social progress, even if progress is pursued at the expense of political freedom. Many developing countries view the American human rights concern as a cover for a "new interventionism," given the ever declining proportion of American gross national product that goes into foreign aid and the United States reluctance to respond sympathetically to calls for a New International Economic Order.

The Carter administration has put great emphasis on building a new, cooperational relationship with third world countries. If human rights is to play a meaningful role in this new relationship, as it should,

the United States will have to be willing to (1) take some positive action on restructuring North-South (hemisphere) relations, (2) give special consideration to countries like Sri Lanka and Tanzania, who are committed to increasing equity in their own societies, and (3) increase the total of United States development aid to the seven-tenths of one percent level that was the target set in 1970 as part of the International Strategy for the Second United Nations Development Decade. Aid should be increased over a ten-year period, with an intermediate target of five-tenths of one percent of GNP, the level maintained in the mid-1960's. These proposals demand a greater political will than the Carter administration has yet shown. Yet if human rights is to be a significant theme in a new world order, they will be necessary.

In the summer of 1979, a new government is struggling to put back the pieces of the tragedy that has been Uganda since 1971. All Americans applauded the fall of Idi Amin; African governments and peoples will be watching closely both the levels of aid the United States offers the new Ugandan government and the manner in which the aid program is carried out.

The administration has also tried to use United States aid, economic and military, as a tool in its efforts to mediate international disputes, particularly in the Middle East and southern Africa. While United States efforts in both regions are certainly well motivated, the long-term commitments involved, particularly in the Middle East, may swamp other legitimate American foreign aid concerns. And the use of highly sophisticated weapons as the "currency" of our transfers to the Middle East increases the potential of an ever-spiralling arms build-up in the region.

In formulating foreign aid policy, the administration faces the same problems that have plagued earlier administrations. Since foreign aid is a second-echelon concern, it is subordinated to other policy goals. In the 1980's, however, the importance of restructuring North-South relations could provide the impetus to make foreign aid a major foreign policy issue. If that occurs, the dialogue over human rights may emerge as a new and creative arena in which the concerns of the United States and the third world countries may be reconciled. In the search for a new world order, the United States may emerge again as a moral as well as military power shaping the evolution of the global community. ■

## UNITED STATES AID AND THE ARMS TRADE

(Continued from page 8)

although the costs and potential political consequences have been sufficient thus far to prevent nuclear proliferation. Nevertheless, India has ex-

ploded an atomic device, solely for peaceful purposes, she claims. Now Pakistan appears to be moving toward development of her own nuclear capability, apparently partly in response to insurgency in neighboring Afghanistan, although in response to India as well. To persuade Pakistan against that action, the United States has offered her modern aircraft fighters with advanced air-to-ground missiles, along with other aid to develop nuclear power.<sup>19</sup>

Besides Pakistan, nations like Brazil, Israel, Taiwan and South Korea could develop nuclear weapons should United States restraint in conventional arms transfers affect these countries detrimentally. It may seem ironic, but in some instances restraint in the transfer of arms may lead to far greater threats to world peace than no restraint.

A recent United Nations publication analyzed the economic and social consequences of the arms race.<sup>20</sup> The conclusions are sobering and the implications clear: the arms race, and arms transfers, should be sharply curtailed in the interests of peace. From a global perspective, it is difficult to contradict the report's conclusions.

From a national perspective, however, the procurement and transfer of arms often appear desirable, if not essential, to national security. The incentives for continued and even increased arms transfers are often too great to resist. Without an international authority to ensure order among nations, each nation must act for itself—though in so doing it may contribute its small amount to the disorder it is trying to resist.

Because of its dominant role in international politics as well as in the arms trade, the United States is in a unique position to influence the arms race. The policy of unilateral restraint announced by President Carter may affect the arms trade in two ways: first, by directly reducing the level of United States arms transfers (although the effect may be nullified by increased transfers from other suppliers); and, second, by providing political leadership that encourages other nations to follow the United States example. The CAT talks with the Soviet Union and informal talks with West European countries extend the American effort to curb the arms trade by prevailing directly upon supplier nations.

The United States has also attempted to influence potential and actual recipient nations to cooperate among themselves to curb a regional arms race. The most promising results may be found in the eight Andean countries in Latin America that signed the 1974 Declaration of Ayacucho, an indigenous effort to restrict modern armaments in the region. The United

<sup>19</sup>Richard Burt, "Pakistan Is Offered a Choice on Arms," *The New York Times*, April 17, 1979, p. A3.

<sup>20</sup>*Economic and Social Consequences of the Arms Race and of Military Expenditures*, updated Report of the Secretary-General, United Nations, 1978.



States role is to cooperate with these nations to formulate acceptable guidelines and to persuade other supplier nations to refrain from undermining whatever agreements are achieved.

Latin America provides a good example, however, of the limited influence of any single nation on the arms trade. Throughout the 1950's and 1960's, the United States was unresponsive to the arms requests of Latin American countries, attempting to impose unilaterally a policy of regional arms control. These countries, therefore, turned to West Europe. With the economic recovery of Europe in the 1960's and the growing prosperity of some Latin American countries, arms transfers to Latin America mounted in both quantity and quality. At the same time, United States relations with Latin America deteriorated. There was a brief improvement in the mid-1970's, when the Nixon-Ford administrations attempted to make United States military sales more responsive to foreign requests. Shortly afterward, congressional controls on arms transfers and, in some cases, the suspension of transfers, led to increased tensions.<sup>21</sup>

Given the many incentives for arms transfers and the availability of alternate suppliers, the United States' ability to restrict the world arms trade is severely limited. This does not mean that the United States should not make an effort, but rather that the effort must be coordinated with other supplier nations and with recipient nations if it is to have any success. ■

<sup>21</sup>David Ronfeldt and Caesar Sereseres, "U.S. Arms Transfers, Diplomacy, and Security in Latin America and Beyond," Rand Report p-6005 (Santa Monica, California: Rand Corporation, October, 1977), pp. 5-12.

## THE MIDDLE EAST

(Continued from page 17)

the \$750 million in economic aid that Egypt receives.

The terms of the military assistance agreements did not receive much attention from critics. Most allocations for Egypt and Israel are in the form of loans, not grants. The only sizable grant involved in the treaty was \$800 million to underwrite the costs of Israel's withdrawal from Sinai airbases and military installations. The Egyptian government is bound to a 10-15-year repayment schedule for military credits extended by the United States; \$2.2 billion of the aid for Israel is also in credits, rather than grants.

When he signed the treaty, President Sadat risked losing the Saudi government's financial support. General Kamal Hassan Ali, Egypt's Defense Minister, reported receiving United States "assurance" that if the Saudi government discontinued assistance to Egypt, the United States would replace it.

The military arrangements in the treaty were part

of a broader plan to secure United States interests in the Middle East and to provide inducements for concluding the treaty. An analysis of the treaty appeared in *The New York Times* (March 12, 1979) under the caption, "Treaty Opens the Door to New Power Balance." The balance of power to be achieved was between Soviet and United States clients in the region—Syria, Iraq, and the Palestine Liberation Organization (PLO), on the one hand, and Egypt and Israel, on the other. The crucial center of United States interests was still Israel, which would, accordingly, receive advanced weapons like the F-16's. (Israel is to receive those F-16's originally ordered by Iran.) Egypt was to receive weapons of intermediate technology.

The potential weight of Egypt and Israel in a new power balance led to increased deliveries of Soviet weapons to Syria and Iraq during the treaty negotiations.<sup>17</sup> Soviet activity there and in Southern Yemen and Ethiopia made it appear imperative to United States defense officials to voice a clear and unequivocal commitment to the new alignment. Tentative questions about human rights in the Israeli-occupied territories were submerged by the effort to recoup United States losses in Iran by a show of strength elsewhere. Egypt was a strong contender for Iran's place in United States foreign policy because she was a major power in earlier Arab-Israeli conflicts and because she could influence events in the Horn of Africa, where United States-Soviet competition had emerged several years earlier.

Many substantive repercussions of the Egyptian-Israeli treaty could be translated into monetary equivalents. As a result, aid could be perceived as an appropriate form of leverage. But other situations in which aid is used as a bargaining lever are not so clear about costs.

## SUMMARY

In the Middle East, United States exports of weapons and technology have meant billions of dollars of balance of payments credits and financial support for United States weapons development. They also support the military capabilities of United States allies against the expansion of Soviet influence in the region. And they are perceived as a means of gaining leverage over recipient governments in resolving disputes.

It is in the Middle East, perhaps, that questions of human rights have been particularly troublesome, because United States foreign policymakers see the United States as having so much to gain from a military presence that they ignore human rights issues. Soviet involvement in the region is clear, the oil is vital, and the conflicts are serious.

Yet, with the lesson of Iran to draw on, military assistance and economic links between the United States and Middle Eastern countries will be scrutinized more closely. We learned in Iran that too

<sup>17</sup>*The New York Times*, March 27, 1979, p. A17.

large an American presence can bring about its own demise, while United States military support cannot protect a friendly government against its own alienated citizenry. Even if strategic issues are overriding, issues of human rights and economic growth are factors in United States successes and failures. ■

## LATIN AMERICA

(Continued from page 21)

economically than they had been a decade and a half or two decades earlier. Most Latin American countries had made substantial progress in industrialization and so produced many of the manufactured goods that they had formerly imported from the United States. Furthermore, several of the countries—notably Brazil, Venezuela and Bolivia—had developed far more integrated national economies.

In addition, the Latin American countries had very much diversified their trade patterns; only a few in and around the Caribbean continued to depend overwhelmingly on the United States as their principal trading partner. Instead, they were exchanging goods extensively with West Europe, Japan, to some degree with the Soviet bloc, and much more extensively with one another.

At the same time, Latin American armed forces had become less dependent on the United States military. United States military training missions were reduced or abolished entirely, as in Brazil in 1977. At the same time, from the mid-1960's on, Latin American armed forces began to buy increasingly large quantities of arms from West Europe and even from the Soviet Union. Brazil began to be an important supplier of arms for some of the smaller countries.

There were three important United States policy changes with regard to foreign aid, particularly in Latin America, in the mid-1970's. One of these was the decision of Congress that aid should be directed principally to the poorest of the developing countries and, within each recipient nation, should focus on helping the poorest elements in that nation. Since many, if not most, of the Latin American countries are intermediary in terms of their stage of economic development, the nations of the area were particularly affected by this policy. As a consequence, United States foreign aid was "phased out" in a number of Latin American countries, including the largest, Brazil. Where aid continued, it concentrated on help to farmers and on educational and health projects, rather than on road building, the construction of hydroelectric projects and other heavy investment programs that in the past had received much United States aid. Perhaps a typical example of the United States aid program to Latin America in the late 1970's is a \$7.5-million loan to Peru to provide better health care to two million rural folk in the central part of that country.

Another United States policy change was new emphasis on the human rights issue. The initiative on this question also came first from Congress, but was reinforced with the coming into office of President Jimmy Carter. According to current legislation, the State Department is required to report to Congress on the state of human rights in the countries receiving United States aid. Although this provision is supposed sharply to limit United States military aid for countries whose governments have poor human rights records, in fact, it has also been extended in some cases to limitation on economic aid as well. This has been true with regard to the military dictatorship headed by General Augusto Pinochet in Chile and the long-term dynastic dictatorship of the Somoza family in Nicaragua.

Finally, in the 1970's, the United States has been trying to persuade other nations to bear a larger part of the financing of international aid agencies, which in earlier years depended overwhelmingly on the United States. In February, 1979, Secretary of State Cyrus Vance told the Foreign Affairs Committee of the House of Representatives that in negotiations to increase the capital of the Inter-American Development Bank, the United States had succeeded in that objective and, in addition, had secured agreement for greater reliance on "callable" capital, that is, funds that are available if needed but do not have to be turned over to the Bank until they are required.

## SUMMARY AND CONCLUSION

It is clear that United States economic, technological and military aid to Latin American countries has played a major role in inter-American relations since before World War II. During the last four decades, it has passed through a number of phases. First conceived as an instrument to reinforce the Good Neighbor Policy and to help woo the Latin American countries away from the influence of the Axis, it was transformed during World War II into a program to help those Latin American countries that were aligned with the Allies to overcome some of the critical problems created for them by the war, and to help them develop and ship raw materials and foodstuffs that were needed for the Allied military effort.

President Truman gave a new direction to foreign aid in Latin America with his Point Four concept, facilitating the transfer of skills and technology from the United States to other American countries. During the Eisenhower administration, the importance of economic aid to Latin America was downgraded with a few exceptions, including Bolivia, while considerable emphasis was put on help for the Latin American military.

United States aid to Latin America reached its high point under President Kennedy's Alliance for Progress. This was the only time that economic aid

was seen clearly in Washington as part of a multi-lateral program of economic, social and political transformation of the Latin American nations. This concept of aid died with President Kennedy. In the decade and a half since his death, United States aid to Latin America has tended to decline in quantity and its importance as an element in the Latin American policy of the United States has diminished. ■

## SOUTH ASIA

*(Continued from page 26)*

through difficult experiences and had recently made significant efforts to return to greater respect for human rights. In Sri Lanka, according to the report, "the governments have maintained a commitment to human rights despite an insurgency and two major domestic outbreaks of violence." The report was still critical of Nepal, where, "in practice, the King is the sole source of authority," and much more critical of Afghanistan, where a pro-Soviet regime seized the reins of power in a bloody coup in April, 1978.

Only two South Asian states—India and Sri Lanka—can properly be described as democracies. Both these countries in recent years have had traumatic experiences. There was a prolonged emergency in India from June, 1975, to March, 1977, when most of the basic freedoms were in abeyance and when the prospects for democracy seemed to be dim. And Sri Lanka has suffered major outbreaks of violence and a change from a parliamentary to a strong presidential system. At least for the time being, both countries have overcome basic threats to human freedoms and have reverted more strongly to their well-established, if still fragile, democratic practices. All other South Asian countries, however, are authoritarian in varying degrees and forms.

Thus in South Asia, as elsewhere, the question of giving assistance to authoritarian governments is relevant, especially if such assistance, whether economic or military, tends to strengthen these authoritarian regimes and is not used effectively to meet the "basic human needs" of "the poorest of the poor" in these very poor countries. (There are no totalitarian regimes in South Asia.)

In spite of the aid weariness and competing priorities of the American people and the suspicions and sensitivities of the people of the recipient countries, aid in various forms, on a rather massive scale, will surely continue for the foreseeable future. But the aid relationship is an unnatural and an unhealthy one. Hence both the donor countries and the developing countries should do much more, unilaterally and in cooperation with each other and with the international community, to provide other and better ways for the developing countries to meet their basic needs.

One wonders whether the American people are

capable of mounting such an initiative and are willing to sustain it. One also wonders whether the developing countries would, in fact, welcome it. In any event, this voice from India is a refreshing reminder of the need for a new approach to development, in which foreign aid is perceived more clearly as only one of many interactions and interrelationships among the world's nations and peoples. ■

## SOUTHEAST ASIA

*(Continued from page 31)*

tian government are extremely limited, and it has no formal relations with Cambodia. Vietnam, its onetime battlefield enemy, would like both diplomatic ties and aid and trade relations with the United States. But Washington showed lessened interest in the normalization of relations with Hanoi in 1978, and Vietnam's conquest of Cambodia and war with China early in 1979 did little to draw the two governments closer.

### RELATIONS WITH THE ASEAN LANDS

If American military, political and aid programs in Southeast Asia were reduced in reaction to the defeat of the United States in the Vietnam war, United States private investment substantially increased in the subsequent four years. Moreover, the non-Communist lands of the area, with which such trade and investment relations have prospered, are themselves appreciably stronger economically. The gross national product of each of the five ASEAN lands has increased from six to ten percent each of the years in question, making non-Communist Southeast Asia (excluding Burma) one of the most dynamic regions of the world economically. Export growth rates were up 25 percent in the same period; non-Communist Southeast Asia (a major source for the United States of many raw materials) has become an important center for American trade. (See inside back cover May/June *Current History*.)

For reasons related to these economic considerations and to shared political concerns, the United States and a senior delegation of ASEAN leaders began annual meetings in 1977. For the 1978 meeting in Washington, in which President Carter took an active part, Philippine Foreign Secretary Carlos P. Romulo headed the five-nation ASEAN team. Concerns of the 1978 meeting included expanded trade between the United States and the five ASEAN countries, American assistance in increasing agricultural productivity in the ASEAN lands, joint efforts to develop alternate energy sources (like natural gas), and improved and assured access to American capital on favorable terms. The ASEAN governments wanted special trade preferences for their products in the American market, but the United States was not



ready to approve such a new relationship in 1978.

Foreign relations are a two-way street, and the multilateral or cooperative approach of the ASEAN governments to Washington has probably improved the region's trade with the United States and has given the United States new ways to assist the area's peoples and to help stabilize a far from settled area of the world.

### THE NEW U.S. ROLE?

"Our new role" in the region, Vice President Mondale said after his 1978 trip to Southeast Asia, "requires emphasis on America's new foreign policy concerns—such as human rights and arms transfer restraints." But has human rights truly been emphasized in United States-Filipino relations? Or is the continuing concern of military base access still more important in the complicated relationship between America and its former Philippine colony?

"Our intent," Mondale said, "is to remain a reliable supplier of defense equipment even as we attempt to encourage a greater restraint in the field of arms transfers." But are these not possibly conflicting courses of action? How can the United States restrain arms transfers in general—or between, say, the Soviet Union and Vietnam—while increasing supplies of military goods to Thailand in response to the 1979 Vietnamese-Cambodian war (which may, or may not, threaten Thai security)?

There are fewer apparent conflicts in United States economic policies toward Southeast Asia. The balance of payments relationship favors the ASEAN states, not the United States. Private investment dwarfs government aid, which is probably good. New American imports from the region include manufactured items, not just the old raw materials. But how long will the American economy support such unfavorable relationships? Or is this really a new kind of American economic aid?

The main difference between United States-Southeast Asian relations yesterday and today is the fact that our actions in 1979 appear to be carefully measured, not crisis-generated or episodic. This represents a genuine maturing of American foreign policy, including economic aid and military policies. Human rights are being emphasized for the first time in United States Southeast Asian policies, and, if some of America's friends do not seem to cherish them as much as President Carter, at least the United States is not blindly abetting the abridgment of political and other freedoms in Southeast Asia. ■

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VIRGINIA CURTIN KNIGHT ■



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# TWO MONTHS IN REVIEW

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*A Current History chronology covering the most important events of May and June, 1979, to provide a day-by-day summary of world affairs.*

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## INTERNATIONAL

### Arab League

June 26—The Arab League ministers meet in Tunis for the 1st time since the removal of their headquarters from Cairo; Egypt did not participate in the meetings.

### Arms Control

(See Turkey)

May 9—U.S. Secretary of State Cyrus Vance announces that the U.S. and the Soviet Union have reached agreement on the Strategic Arms Limitation Treaty (SALT II), defining new limitations on missiles and bombers, new weapons systems, and verification procedures.

May 14—Turkey informs the U.S. that, without Soviet consent, Turkey cannot permit U.S. U-2 spy planes to operate over Turkey's air space to check Soviet compliance with the terms of SALT II.

June 9—In Moscow, the Communist party newspaper *Pravda* says that President Jimmy Carter's decision of June 8 to approve the development of a mobile missile system is "at variance with the spirit of SALT II."

June 18—In Vienna, U.S. President Jimmy Carter and Soviet President Leonid Brezhnev sign an arms control treaty (SALT II). The U.S. Senate must ratify the treaty.

June 25—At a news conference in Moscow, Soviet Foreign Minister Andrei Gromyko says that any U.S. Senate amendment of SALT II would mean "the end of negotiations."

June 29—Referring to Soviet criticism of possible U.S. amendments to the SALT II treaty, U.S. Director of the Arms Control and Disarmament Agency George Seignous says, "The Senate does not need instruction from the Soviet Union."

### Council for Mutual Economic Assistance (COMECON)

June 29—Leaders of the 10 Communist COMECON nations end a 3-day meeting in Moscow; it is revealed that the Soviet Union has suffered an oil shortage of 435,000 barrels in the last 5 months.

### European Economic Community (EEC)

(See also Greece)

June 11—Slightly over 90 million citizens of the 9 EEC countries vote for representatives to a new 410-member European Parliament that will convene in Strasbourg on July 17; in general, conservatives will have a slight majority.

### Middle East

May 2—Speaking on Israeli radio in celebration of the 31st anniversary of an independent Israel, Israeli Prime Minister Menachem Begin says that Israel will not withdraw from the West Bank of the Jordan River and will "never withdraw from the Golan Heights."

May 3—Prime Minister Begin gives his Cabinet his proposals for Palestinian autonomy on Jordan's West Bank and the Gaza Strip.

May 9—In Morocco, the foreign ministers of the 43-member Islamic Conference suspend Egypt from the conference until further notice because Egypt signed a peace treaty with Israel.

May 10—Meeting in Aden, Southern Yemen, the militant Arab People's Congress says that the group should "escalate the struggle to bring down" U.S. President Carter, Israeli Prime Minister Begin and Egyptian President Anwar Sadat.

May 25—In the first step in the process of returning most of the Sinai to Egypt, Israel returns the Sinai town of El Arish.

Israel and Egypt begin what are expected to be lengthy negotiations in Beersheba, Israel, on the Palestinian problem.

May 27—Egyptian President Sadat and Israeli Prime Minister Begin declare that the border between Israel and Egypt is open.

June 25—Egyptian, Israeli and U.S. representatives meet in Herzliya, Israel, in a 3d round of talks on Arab self-rule on Jordan's West Bank and the Gaza Strip.

### North Atlantic Treaty Organization (NATO)

May 15—Meeting in Brussels, NATO defense ministers agree to press for a 3 percent annual rise in defense spending through 1985.

May 16—NATO defense ministers approve SALT II.

June 26—Commander of NATO forces U.S. General Alexander Haig escapes injury although 3 of his security guards are injured in a bomb attempt on the general's life.

### Organization for Economic Cooperation and Development (OECD)

(See Turkey)

### Organization of American States (OAS)

(See also Nicaragua)

May 22—The OAS General Assembly selects 7 judges for the new Inter-American Court of Human Rights.

June 23—An emergency meeting of the OAS ends without committing any member nation to specific action in Nicaragua.

### Organization of Petroleum Exporting Countries (OPEC)

June 26—OPEC ministers meet in Geneva.

June 28—OPEC raises the average price of oil some 16 percent; Saudi Arabia, Qatar and the United Emirates will charge \$18; the other OPEC nations will charge \$23.50 per barrel. Oil prices so far this year have risen 50 percent.

### Southeast Asian Refugee Problem

June 15—Malaysian Deputy Prime Minister Mohamad bin Mahathir says that his government will ship some 70,000 refugees out to sea from camps on its coast and will use force to prevent the landing of any more refugees.

June 16—State Department sources reveal that the U.S.

Assistant Secretary of State for East Asian and Pacific Affairs recently asked Chinese officials to accept more ethnic Chinese refugees from Vietnam; China has already accepted some 200,000.

June 21—Poul Hartling, U.N. High Commissioner for Refugees, asks the U.S. and other nations to double their quotas of Indochinese refugees.

June 25—According to Malaysian officials, some 60 boats containing some 13,000 Vietnamese refugees were forced back into international waters in the last week.

June 26—After a weekly Cabinet meeting, the French government announces that it will admit 5,000 Indochinese refugees above its monthly quota of 1,000.

June 28—In Tokyo, U.S. President Carter announces that the U.S. will increase its admittance of Indochinese refugees from 7,000 to 14,000 a month for the next 12 months.

June 30—Indonesia, Thailand, the Philippines, Malaysia and Singapore announce from Kuto, Indonesia, that they will not accept more refugees; they claim the right to repatriate the 300,000 refugees in their countries and condemn Vietnam as the cause of the problem.

### Third World Nations Conference

June 10—48 delegates from 96 third world countries and political movements conclude a week-long conference in Colombo, Sri Lanka; most problems have been forwarded to the summit meeting of the third world leaders scheduled for September in Havana.

### Tokyo Economic Summit Meeting

June 28—Leaders of the U.S., Japan, Britain, West Germany, France, Italy and Canada open talks in Tokyo to discuss mutual problems, particularly oil prices and scarcity.

June 29—In Tokyo, the leaders of the major international democracies end their meeting and agree on country-by-country limits on oil imports in 1979-1980 and ceilings on oil imports through 1985.

### United Nations

May 3—United Nations Secretary General Kurt Waldheim concludes a 2-day visit to North Korea.

May 5—Waldheim confers with South Korean President Park Chung Hee in Seoul, South Korea.

May 7—Waldheim addresses the opening of the 5th United Nations Conference on Trade and Development in Manila.

May 24—The General Assembly votes 96 to 16 to keep South Africa out of its current debate on South-West Africa (Namibia). The South African delegation walked out because of the vote rejecting South African credentials. South Africa had reoccupied its delegation seat for the first time since 1974 for only 1 day.

June 3—The United Nations Conference on Trade and Development ends a month-long conference in Manila.

June 30—U.N. Secretary General Kurt Waldheim invites 71 countries to take part in a 2-day meeting in Geneva to discuss the Indochina refugee problem on July 20.

### AFGHANISTAN

May 3—In Washington, D.C., U.S. intelligence sources report that the Afghan government has received 12 rocket-armed helicopter gunships from the Soviet Union to use against insurgent Muslims and rebel tribesmen.

June 13—Radio Kabul charges that Pakistani militia have supported Afghan Muslims in the recent rioting.

June 14—In New Delhi, it is reported that during his recent

visit to Moscow, Indian Prime Minister Morarji Desai was asked to persuade Pakistan to refrain from assisting the Muslim rebels who are fighting against the pro-Moscow government of President Noor Mohammad Taraki.

### AUSTRIA

May 7—Nationwide election returns give Chancellor Bruno Kreisky's Socialist party 96 of the 183 seats in Parliament.

### CAMBODIA

May 31—In an interview, Ieng Sary, Deputy Prime Minister in the Pol Pot government, says that former Prime Minister Pol Pot is willing to enter a coalition with former head of state Prince Norodom Sihanouk to form an anti-Vietnamese front.

### CANADA

May 22—Nationwide parliamentary elections are held.

May 23—Election returns give the Progressive Conservatives, led by Joe Clark, 136 of the 282 seats in Parliament, six seats short of a majority; the Liberals, led by Prime Minister Pierre Elliott Trudeau, win 114 seats. Clark will form a minority Cabinet; Trudeau concedes defeat.

June 4—Joe Clark is sworn in as Prime Minister; he presents his 29-member Cabinet. Clark's is the first Conservative government in 16 years.

### CENTRAL AFRICAN EMPIRE

May 14—In Paris, Amnesty International charges that last month government soldiers killed about 100 schoolchildren age 8 to 16 when they demonstrated against wearing uniforms to class.

May 18—In a conference in Paris, Emperor Bokassa I denies the Amnesty International charges.

May 22—In Paris, Ambassador Sylvestre Bangui says his government was responsible for the deaths of the children; he resigns his post and seeks asylum in France.

May 23—France suspends military aid to the government until an investigation of the deaths of the schoolchildren is completed.

May 28—U.S. Ambassador Goodwin Cooke is recalled from Central Africa as a result of the reported massacre of schoolchildren.

### CHILE

(See also *U.S., Foreign Policy*)

June 28—Following an investigation into the deaths of 11 political prisoners, federal Judge Adolfo Bañados reports that the police were responsible for their deaths.

### CHINA

(See also *Intl, Southeast Asian Refugee Problem; Egypt; U.S.S.R.; U.S., Foreign Policy*)

May 1—In Peking, U.N. Secretary General Kurt Waldheim meets with Deputy Prime Minister Deng Xiaoping and Chairman Hua Guofeng to help settle the conflict between China and Vietnam.

May 2—In Peking, Deputy Chief of Staff General Wu Xiquan says that 20,000 Chinese soldiers were killed or wounded in the fighting between China and Vietnam in February and March; he says that 50,000 Vietnamese were killed or wounded.

June 5—In the 3d of 5 exchanges, China releases 487 Vietnamese prisoners and Vietnam releases 55 Chinese captured during their recent border war.

June 14—It is reported that, in an address to the Communist party work conference, deputy chairman of the Communist party Li Xiannian reported a budget deficit of more than \$6.5 billion for 1978.

June 18—In an address to the National People's Congress, Communist party Chairman Hua Guofeng says that his economic goals issued in 1978 were too ambitious.

June 25—In Peking, a delegation from Vietnam arrives for the 2d round of talks on the border issue with China.

June 29—In a speech delivered to the National People's Congress last week, Finance Minister Zhang Jinfu says the military budget for 1979 will be \$2.1 billion more than 1978's.

June 30—Wall posters in Peking accuse 2 members of the Politburo, Wang Dongzong and Chen Xilian, of embezzling state funds for their own private use.

## CUBA

(See also *Nicaragua*)

May 17—President Fidel Castro arrives in Cozumel, Mexico, and is welcomed by Mexican President José López Portillo; this is Castro's first visit to Mexico in 20 years.

## CYPRUS

May 19—In Cyprus after two days of talks between Greek Cypriot President Spyros Kyprianou and Turkish Cypriot leader Rauf Denktaş, U.N. Secretary General Kurt Waldheim announces that they have agreed to resume negotiations on the future of the island; talks broke off in April, 1977.

## ECUADOR

(See *Nicaragua*)

## EGYPT

(See also *Intl, Middle East; Israel; Saudi Arabia*)

June 5—President Anwar Sadat announces that China has agreed to supply Egypt with military arms; no details are given.

June 7—Multiparty national elections are held; they are the first multiparty elections held since 1952.

June 9—Election returns give Sadat and his National Democratic party 84 percent of the vote.

June 18—Sadat asks Prime Minister Mustafa Khalil to form a new Cabinet; Khalil will retain his post of Foreign Minister.

June 21—Prime Minister Khalil's 30-member Cabinet is sworn in.

June 22—It is reported that China has donated 40 Shenyang F-6 fighter planes to Egypt; negotiations are under way for the Egyptian purchase of additional planes.

## EL SALVADOR

May 4—In San Salvador, members of the Popular Revolutionary Bloc seize the French and Costa Rican embassies, taking 11 hostages, and occupy the Roman Catholic Metropolitan Cathedral. They are demanding the release of 5 labor leaders from jail.

May 10—In San Salvador, 20,000 anti-government demonstrators march in the funeral procession for the 23 people killed May 8 in fighting with police.

May 11—The government releases 2 of the 5 jailed labor leaders; the Bloc seizes the Venezuelan embassy and demands the release of more political prisoners and the repatriation of the Bloc leaders who went into exile May 9.

May 23—Minister of Education Carlos Antonio Herrera Rebollo is assassinated; his death is regarded as a reprisal

for the deaths of 14 demonstrators by police last night outside the Venezuelan embassy.

May 24—The government declares a 30-day state of siege and suspends all constitutional rights.

May 30—In San Salvador, Swiss chargé d'affaires Hugo Wey is shot to death in a kidnap attempt.

June 1—The rebel guerrillas release the French ambassador and end their occupation of the French and Venezuelan embassies; they leave El Salvador by plane and seek asylum in Mexico.

## FRANCE

(See also *Central African Empire*)

May 30—The National Assembly passes legislation that restricts the immigration of workers from countries that do not belong to the Economic Community.

## GERMANY, WEST

(See also *U.S., Foreign Policy*)

May 16—The government announces plans to postpone indefinitely the construction of a nuclear reprocessing plant in Lower Saxony.

May 23—Karl Carstens, the Christian Democratic speaker of the lower house of Parliament and a former Nazi party member, is elected President of West Germany; he succeeds Walter Scheel on July 1.

## GHANA

June 4—Junior military officers stage a successful coup d'état; Lieutenant Jerry Rawlings announces the establishment of an Armed Forces Revolutionary Council; former deposed leader Frederick W.K. Akuffo is charged with mismanaging the economy.

June 16—Former head of state Ignatius K. Acheampong and Lieutenant General E. K. Utuka are executed by firing squad; they were found guilty by a military tribunal of squandering government money.

June 18—Nationwide elections are held for a civilian President and Parliament; the new government has pledged that the elected government will be permitted to take power by October 1.

June 26—2 former leaders, Lieutenant General Frederick W.K. Akuffo and Brigadier A.A. Afrifa, are shot by firing squad. 4 senior officers are also executed.

## GREECE

May 28—Prime Minister Constantine Caramanlis signs a treaty that will make Greece a member of the European Economic Community as of January 1, 1981, with some economic qualifications.

## INDIA

(See also *Afghanistan*)

May 2—Minister of State for Atomic Energy Sher Singh tells Parliament that a Soviet offer to build a large atomic power plant in India has been refused.

May 20—Former Prime Minister Indira Gandhi's Congress party decides not to name her as a candidate for Parliament in Tami Nadu.

June 25—Indian army troops clash with striking police units in New Delhi and Bokaro; 26 soldiers and strikers are killed.

## IRAN

(See also *Mexico*)

May 1—In Teheran, Ayatollah Morteza Motahari, a member of the secret Revolutionary Council, is shot and killed by members of a fundamentalist Islamic under-

ground guerrilla group, the Forghan Fighters.

May 6—Ayatollah Ruhollah Khomeini orders the formation of special armed forces who are to be responsible only to the Revolutionary Council.

May 12—Ayatollah Khomeini announces that Revolutionary Courts may only sentence to death people who have been proved guilty of crimes involving the deaths of others.

May 20—In Teheran, Foreign Minister Ibrahim Yazdi requests that newly named U.S. Ambassador Walter L. Cutler not be sent to Iran until relations between the two countries are "clarified." The action comes after the U.S. Senate condemned the Revolutionary Courts.

May 23—Ayatollah Sadegh Khalkhali, who claims to be head of the Revolutionary Courts and who recently called for the assassination of Shah Mohammed Riza Pahlevi, resigns as religious judge of the courts.

May 25—Ayatollah Hashemi Rafsanjani, a member of the Revolutionary Council, is shot and wounded at his home.

May 30—In Khurramshahr, the largest Iranian commercial port, Khuzistan Province Arabs clash with government troops; the Arab minority is seeking autonomy from the Persian-dominated central government.

Governor General of Khuzistan Province Rear Admiral Ahmad Madani declares a state of emergency and imposes a curfew.

June 1—In Khurramshahr, fighting between government forces and Arabs continues for the 3d day; Arab leader Ayatollah Mohammed Taher al-Shobeir Khaghani says the government is depriving all minority groups of their rights.

June 7—Effective today, Prime Minister Mehdi Bazargan announces the nationalization of all 27 private banks.

June 25—Finance Minister Ali Ardalan announces the nationalization of all private insurance companies in Iran.

### IRAQ (See Syria)

### IRELAND

June 25—The 18-week strike by the Post Office Workers Union ends; workers are granted an 18-percent pay increase.

### ISRAEL

(See also *Intl, Middle East; Lebanon*)

May 5—Israeli jets attack Nahr al-Bared, a Palestinian camp, in northern Lebanon; 7 people are reported killed and 40 wounded.

May 9—400 Israeli soldiers and tanks enter southern Lebanon in pursuit of Palestinian guerrillas; the Israelis are assisted by Lebanese Christian militia. At the insistence of the U.N. peacekeeping forces, the Israeli troops withdraw.

May 23—In reprisal for the deaths of 3 people in a bomb explosion in Jerusalem, Israeli jets strafe Palestinian camps south of Beirut.

May 29—Three Israeli military landing ships sail through the Suez Canal; this is the first use of the canal by Israeli military vessels in peacetime.

June 1—In the Gaza Strip, Islamic leader Sheik Hasham Huzandir is stabbed to death; a Palestinian guerrilla group in Beirut claims responsibility for his murder. The Sheik had been a staunch supporter of the Egyptian-Israeli peace treaty.

June 3—The Cabinet votes 8 to 5 with 3 abstentions to

permit the establishment of a new settlement near Nablus in the occupied area of the West Bank of the Jordan River.

June 4—In Ismalia, Foreign Minister Moshe Dayan meets with Egyptian President Anwar Sadat to discuss the Israeli settlements on the West Bank and in Gaza.

June 6—In Cairo, Foreign Minister Dayan and Egyptian Prime Minister Mustafa Khalil agree to permit unrestricted travel by air and sea between Egypt and Israel.

June 11—In Jerusalem, Prime Minister Menachem Begin counters criticism of the planned settlement near Nablus by saying that "this is our land." Construction on the settlement began June 7.

June 20—The high court issues a temporary injunction to stop construction of the new settlement near Nablus; the government must show why plans for the new settlement should not be dropped. 17 Arab landowners whose land has been requisitioned by the military brought suit.

June 24—Defense Minister Ezer Weizman resigns from the Israeli negotiating team that is talking with Egypt and the U.S. for Arab autonomy in the West Bank and Gaza. Weizman disagrees with the government on the establishment of new settlements on the West Bank.

### ITALY

May 9—Prime Minister Giulio Andreotti's caretaker government announces plans to use regular army troops to control terrorist violence.

June 3—2-day nationwide parliamentary elections begin.

June 5—Final election results give the Christian Democrats 38.3 percent of the vote in both the Chamber of Deputies and the Senate; the Communists received 30.4 percent for the Chamber of Deputies and 31.5 percent for the Senate, losing 4 percent and 2.3 percent in the Chamber of Deputies and the Senate respectively.

June 20—A former Prime Minister and member of the Christian Democratic party Amintore Fanfani is elected President of the Senate; Nilde Iotti, a member of the Communist party, is elected president of the Chamber of Deputies; she is the first woman to hold this position.

### JAPAN

(See *Intl, Tokyo Economic Summit; U.S., Foreign Policy*)

### LEBANON

(See also *Israel*)

May 15—In an attempt to end factionalism, the Phalangist party and the National Liberal party announce that they will merge; Phalangist leader Pierre Gemayel and National Liberal leader Camille Chamoun will be co-leaders of the new organization.

May 16—Prime Minister Selim al-Hoss submits his resignation. President Elias Sarkis asks him to form a caretaker government until a new government is formed.

May 31—A cease-fire goes into effect in southern Lebanon.

June 6—As part of the cease-fire agreement, the Palestine Liberation Organization (PLO) begins dismantling its offices in Tyre and transferring its members from southern Lebanese villages.

June 8—Israeli planes bomb Palestinian positions in southern Lebanon; one person is reported killed.

June 27—Syrian fighter planes intercept Israeli jets as they attack Palestinian camps in southern Lebanon; several Syrian and Israeli planes are reportedly shot down.

### LIBERIA

May 2—President William R. Tolbert, Jr., suspends the



right of habeas corpus for 1 year as a result of the riots several weeks ago.

## MALAYSIA

(See *Intl, Southeast Asia Refugee Problem*)

## MAURITANIA

May 3—Prime Minister Ahmed Ould Bouceif says his country is willing to accept the concept of self-determination for residents of the former Spanish Sahara. Bouceif says he is also willing to begin negotiations with the Polisario guerrillas. The area was divided between Morocco and Mauritania but their control is being challenged by Algerian-backed Polisario guerrillas.

May 27—Prime Minister Bouceif is killed in a plane crash off the Senegal coast.

May 28—Development Minister Colonel Ahmed Salem Ould Sidi is named acting Prime Minister.

June 3—President Mustapha Ould Salek submits his resignation for "personal reasons"; he is replaced by Lieutenant Colonel Mohammed Mahmoud Ould Luly.

## MEXICO

(See also *Cuba*)

May 21—President José Lopez Portillo announces that Mexico is breaking diplomatic relations with Nicaragua because of the repressive tactics of the Nicaraguan government.

June 1—The government issues a 3-month tourist visa to deposed Iranian Shah Mohammed Riza Pahlavi.

## NEPAL

May 9—Acceding to student demands, the government releases from house arrest former Prime Minister and leading dissident Besheswar Prasad Koirala; 24 members of Koirala's outlawed Nepali Congress party are also freed from jail.

May 24—King Birendra Bikram calls for a national referendum to decide whether a new form of government should be instituted. No date is set.

In Katmandu, police clash with 20,000 demonstrators; government troops are called out to restore peace.

## NICARAGUA

(See also *Mexico; U.S., Foreign Policy*)

May 31—National Guard troops reportedly halt a 4-day offensive by Sandinist National Liberation Front guerrillas in southern Nicaragua.

June 4—A nationwide general strike begins to protest the government of President Anastasio Somoza Debayle.

June 5—Guerrillas win control of León, the country's 2d largest city.

June 6—President Somoza declares a state of siege; National Guard troops will be permitted to arrest people without warrants and detain them indefinitely.

June 11—In a nationwide television address, Somoza declares that he will not resign; he accuses the Cuban government of providing arms to the guerrillas and the Panamanian government of permitting illegal arms to be transported through Panama to the guerrillas.

June 12—Opposition newspaper *La Prensa's* plant is burned to the ground by the National Guard.

June 16—The members of the Andean Pact—Venezuela, Peru, Colombia, Bolivia and Ecuador—issue a statement hailing the Sandinist guerrillas as "the legitimate combatants" who are seeking to establish democracy in Nicaragua.

June 17—Ecuador breaks off diplomatic relations with Nicaragua.

The Sandinist National Liberation Front names 5 men to head the provisional government of National Reconstruction: Sergio Ramírez Mercado, Alfonso Robelo Callejas, Violeta Barrios de Chamorro, Moisés Hassan Morales, and Daniel Ortega Saavedra.

June 20—U.S. television correspondent Bill Stewart and his interpreter are shot and killed in Managua by a National Guardsman.

June 21—In Washington, D.C., at an emergency session of the Organization of American States, U.S. Secretary of State Cyrus Vance calls for "the replacement of the present government" in Nicaragua. He urges the OAS to send a special delegation to seek a solution to Nicaragua's civil war.

June 22—In Managua, the Sandinists reject any foreign solution to the war.

June 23—In Washington, D.C., the OAS calls for the "immediate and definitive replacement" of the Somoza government. No mention is made of an inter-American peace force proposed by Vance.

The provisional government denies charges that Cuba is strongly supporting the guerrilla movement.

## PAKISTAN

(See also *Afghanistan*)

May 5—The Pakistan People's party appoints Nusrat Bhutto, the widow of former Premier Zulfikar Ali Bhutto (who was executed last month), as chairman of the party for life.

May 28—Nusrat Bhutto and her daughter Benazir are released from custody and flown to Karachi.

## PANAMA

(See *Nicaragua; U.S., Legislation*)

## POLAND

(See *Vatican*)

## PORTUGAL

June 6—Prime Minister Carlos Mota Pinto submits his resignation; on June 4, Socialists and Communists in Parliament presented motions censuring the government.

## RHODESIA

(See *Zimbabwe Rhodesia*)

## SAUDI ARABIA

May 1—In Cairo, Egyptian President Anwar Sadat accuses Saudi Arabia of "paying off" other Arab nations to break diplomatic relations with Egypt.

May 2—The Saudi government denies Sadat's charges.

May 14—Saudi Defense Minister Prince Sultan announces that the Arab Organization for Industrialization will be disbanded on July 1 because of the Egyptian-Israeli peace treaty.

## SOUTH AFRICA

(See also *Intl, U.N.*)

May 2—A series of recommendations made by a government-appointed commission on labor laws is accepted; under the new plan, blacks will be given full union rights and companies will be permitted to eliminate racial segregation in their facilities.

May 7—In a letter to the governments of the U.S., Great Britain, France, West Germany and Canada, Foreign Minister Roelof F. Botha agrees to give limited recog-

nitition to a legislative assembly in Namibia (South-West Africa).

May 11—The 11 black defendants on trial for their part in the Soweto uprisings in 1976 and 1977, found guilty last week, are given relatively light sentences by Transvaal Supreme Court Judge H. P. Van Dyk.

June 4—Following the presentation of a government commission report on the misappropriation of secret government funds, President John Vorster submits his resignation. In the report, Vorster was accused of lying to the commission and conspiring to cover up the spending of the funds.

President of the Senate Marais Viljoen is named to replace Vorster.

June 14—Prime Minister Pieter W. Botha shuffles his Cabinet; Minister of Police, Prisons and Justice James T. Kruger is removed.

### SPAIN

May 25—Basque separatists, members of ETA, assassinate Lieutenant General Luis Gómez Hortiguera (head of the army's personnel department), two colonels and their chauffeur.

### SYRIA

(See also *Lebanon*)

June 17—In Baghdad, President Hafez al-Assad and Iraqi President Ahmed Hassan al-Bakr begin negotiations on merging their two countries.

June 19—At the conclusion of the unification talks, the 2 Presidents establish a joint political command to coordinate their foreign, defense and economic policies.

June 22—The government announces that on June 16 members of the right-wing Muslim Brotherhood (Sunni Muslims) raided a military academy at Aleppo, killed 32 cadets and wounded 54. The cadets were members of the Muslim Alawite sect. The government says it will "liquidate" the Muslim Brotherhood movement.

June 25—Government forces begin arresting members of right-wing Islamic groups; 18 people have been sentenced to death.

June 28—In Damascus, 15 members of the Muslim Brotherhood are executed.

### TANZANIA

(See also *Uganda*)

June 12—David M. Sibeko, a member of the presidential council of the Pan Africanist Congress, dies as a result of an assassination attempt made last night; 6 members of the Pan Africanist Congress are arrested.

### TURKEY

(See also *Intl. Arms Control; U.S., Legislation*)

May 11—In Istanbul, 1 U.S. serviceman is shot and killed and another is wounded by a Marxist group called the Turkish People's Liberation Army Front and Marxist Leninist Armed Propaganda Squad.

May 30—Under the auspices of the Organization for Economic Cooperation and Development, the U.S. and 13 other nations pledge more than \$1.45 billion in emergency financial aid to Turkey; in exchange for the aid, the government must institute austerity measures recommended by the International Monetary Fund.

June 23—Armed Forces Chief of Staff General Kenan Evren says U.S. U-2 spy planes cannot be permitted to fly over Turkey to verify the new strategic arms limitation treaty with the Soviet Union.

### UGANDA

May 6—Tanzanian-supported government troops complete their takeover of northeast Uganda and push into the northwest, where troops loyal to former President Idi Amin are still in control.

May 29—Government forces complete the takeover of northwestern Uganda.

June 7—In Mwanza, Tanzania, President Yusufu K. Lule and Tanzanian President Julius K. Nyerere begin talks on the withdrawal of Tanzanian forces from Uganda; yesterday, Nyerere announced that he would begin withdrawing the 25,000 Tanzanian troops from Uganda.

June 19—For the 2d time in 2 weeks, President Yusufu K. Lule shuffles his Cabinet; he appoints 6 additional ministers.

June 20—Following a vote of no confidence in the National Consultative Council, President Lule resigns; Godfrey L. Binaisa is sworn in as President.

June 21—Former President Lule claims he resigned only as chairman of the Uganda National Liberation Front and that he is still President.

June 22—Lule is reported to have left Uganda for the United Kingdom.

### U.S.S.R.

(See also *Intl. Arms Control; Afghanistan*)

May 4—It is estimated that 5,000 Soviet Jews were permitted to emigrate in April, 1979, a record number for the 2d month in a row.

May 17—In Moscow, President Leonid I. Brezhnev and Yugoslav President Tito meet for talks on easing relations between the two countries.

May 31—President Brezhnev arrives in Budapest, Hungary, for a 3-day official visit.

June 5—In Moscow, Tass, the Soviet press agency, reports that Foreign Minister Andrei A. Gromyko told Chinese officials that the Soviet Union is prepared to begin negotiations on normalizing relations between the two countries.

### UNITED KINGDOM

#### Great Britain

May 3—Nationwide parliamentary elections are held.

May 4—Election returns give Margaret Thatcher's Conservative party 43.9 percent of the vote, or 339 seats in the 635-member Parliament; the Labor party wins 36.9 percent of the vote, or 269 seats.

Prime Minister James Callaghan submits his resignation to Queen Elizabeth II. The Queen asks Thatcher to form a Cabinet. Thatcher is the first woman Prime Minister in the history of Great Britain.

May 5—Prime Minister Margaret Thatcher names her 22-member Cabinet; Lord Carrington succeeds David Owen as Foreign Secretary, Sir Keith Joseph is Industry Minister, and William Whitelaw is Home Secretary and Deputy Prime Minister.

May 9—James Callaghan is reelected leader of the Labor party.

May 15—Queen Elizabeth opens a new session of Parliament.

May 17—Sir Anthony Duff, a special representative and senior aide in the Foreign Office, meets in Salisbury, Rhodesia, with Prime Minister-elect Bishop Abel T. Muzorewa.

May 23—In London, U.S. Secretary of State Cyrus Vance and Foreign Secretary Lord Carrington conclude 3 days of talks on the recent elections in Rhodesia.

May 29—The government agrees to admit 982 Vietnamese refugees as immigrants after they were picked up in waters off Hong Kong.

June 5—Archbishop of Canterbury and Primate of the Church of England Donald Coggan announces that he will resign in January, 1980.

June 12—Chancellor of the Exchequer Geoffrey Howe presents the new Conservative party budget to Parliament; the budget calls for decreases in personal income taxes and in state spending.

June 22—Former Liberal party leader Jeremy Thorpe, who was accused of conspiring to murder a man who claimed to be his lover, is found not guilty.

## UNITED STATES

### Administration

(See also *Nuclear Plant Accident*)

May 2—The Department of Energy alleges that 7 oil companies overcharged their refinery customers by some \$1.8 billion in a 6-year period by selling crude oil over ceiling prices and classifying oil in a higher-priced category; all 7 companies deny the allegations.

May 9—A gasoline allocation system based on odd and even license plate numbers begins in California as Governor Edmund Brown, Jr., proclaims an emergency.

In Los Angeles, the FBI reports that new evidence corroborates testimony about a reported assassination attempt on President Jimmy Carter while he was speaking in Los Angeles on May 5; Raymond Lee Harvey was arrested about 50 feet from the President with a starter's pistol in his pocket and said he was part of a four-man plot.

May 19—Secretary of the Treasury W. Michael Blumenthal announces that he will resign at the end of his 4-year term.

May 23—According to industry reports, a severe shortage in the supply of diesel fuel has developed.

May 24—Former director of the Office of Management and Budget Bert Lance and three associates are indicted in Atlanta on charges of violating federal banking and conspiracy laws; they plead not guilty.

May 29—The Federal Aviation Administration orders the grounding of all 135 of the DC-10 airliners of American companies because of apparent structural problems in their engine mounts; on May 25, an American Airlines DC-10 crashed after takeoff at Chicago's O'Hare International Airport, killing 273 people, the greatest disaster in American aviation history.

President Carter signs an executive order allowing state governors to regulate the sale of gasoline in their respective states this summer.

May 30—The Office of Government Ethics releases details of the blind trust that President Carter employed to handle his financial affairs when he became President.

The Federal Home Loan Bank Board approves an increase in interest rates on savings accounts and permits federally chartered savings and loan institutions to offer variable rate mortgages and to create new 4-year savings certificates.

May 31—U.S. district court Judge for the District of Columbia Barrington Parker rules that President Carter's attempt to enforce wage and price guidelines using the government's purchasing power is "unlawful and must be rejected."

Many of the nation's DC-10's pass inspection and resume service.

June 4—The Federal Election Commission asks President

Carter and his election committee to repay some \$50,000 for various electioneering irregularities.

Following a recommendation of the National Transportation Board, the Federal Aviation Administration grounds all DC-10's again until all of them can be inspected for cracked engine mounts.

Administrator of the Environmental Protection Agency Douglas Costle announces new rules suspending the ban on the use of MMT, the gasoline additive used in unleaded gasoline to add no-knock qualities, deferring for 1 year a further reduction in the amount of lead permitted in gasoline, and allowing refiners to place a 2-cents-a-gallon surcharge on unleaded gasoline in excess of present production.

June 6—Federal Aviation Administrator Langhorne Bond orders an indefinite halt to all flights of DC-10's and suspends the jumbo jet's design certificate.

June 8—A joint statement from HEW Secretary Joseph Califano, Jr., and the Proprietary Association announces the voluntary recall of non-prescription sleeping pills containing methapyrilene, because the drug may cause cancer.

June 12—President Carter sends Congress his national health insurance program; the program will cost \$18 billion and pay medical costs in excess of \$2,500 per year for every American family. Senator Edward Kennedy (D., Mass.) presents a more expensive, comprehensive and ambitious plan.

June 22—The U.S. district court of appeals for the District of Columbia, by a 6-3 vote, overrules a lower court decision that denied President Carter the authority to enforce his voluntary wage and price guidelines by using the government's purchasing power to award or deny contracts.

June 28—The Energy Department announces plans to allow oil companies to move up to 5 percent of the oil from more plentiful rural areas to urban areas to help relieve gasoline shortages.

June 29—The Food and Drug Administration bans the use of diethyl stilbesterol (DES), used in fattening cattle, because it can cause cancer in humans.

### Civil Rights

May 7—In Washington, D.C., President Carter tells leaders of 65,000 demonstrators against nuclear power that it is "out of the question" to shut down the nation's nuclear generating plants.

May 9—President Jimmy Carter nominates Lynda Bird Johnson Robb as chairperson of the National Advisory Committee for Women.

May 15—In Chicago, U.S. district court Judge June L. Green dismisses the suit of Sears, Roebuck & Company that challenged federal equal employment regulations.

June 3—Some 600 out of 15,000 anti-nuclear demonstrators are arrested at the construction site of a Long Island Lighting Company plant in Shoreham, Long Island.

### Economy

May 3—The Department of Labor reports that its producer price index rose 0.9 percent in April.

The Chase Manhattan Bank raises its prime interest rate to 11.75 percent.

May 4—The Labor Department reports that the nation's unemployment rate was 5.8 percent in April.

May 16—The Federal Reserve Board reports that the nation's industrial output fell by 1 percent in April.

May 30—The Commerce Department reports that the U.S. trade deficit for April rose to \$2.15 billion.

May 31—The Commerce Department reports that the



index of leading economic indicators dropped 3.3 percent in April, a record drop.

June 1—The Department of Labor reports that the unemployment rate for May was 5.8 percent.

June 7—The Labor Department reports that its producer price index rose only 0.4 percent in May.

June 12—New York's Morgan Guaranty Trust Company lowers its prime interest rate to 11.5 percent.

June 15—The Federal Reserve Board reports that the nation's industrial output rose 1.3 percent in May.

## Foreign Policy

(See also *Intl. Arms Control, Middle East, Tokyo Economic Summit*)

May 2—In Washington, D.C., President Carter and Japanese Prime Minister Masayoshi Ohira issue a joint statement calling for the settlement of trade issues between the U.S. and Japan and "a more harmonious pattern of international trade and payments."

Testifying before the House Foreign Affairs Subcommittee on International Operations, Deputy Secretary of State Warren Christopher lists 5 guidelines relating the human rights issue to the administration's conduct of foreign policy; "only compelling considerations of national security can justify providing security assistance to countries with serious human-rights problems."

May 4—In Dar es Salaam, Deputy Assistant Secretary of State Robert Keeley recommends "that we promptly move to normalize relations" with the new government of Uganda.

May 8—In Peking, Secretary of Commerce Juanita Kreps and Chinese Deputy Prime Minister Fang Yi sign 4 technological agreements.

President Carter appoints Ambassador at Large for the Middle East Alfred Atherton, Jr., as Ambassador to Egypt.

May 14—Secretary of Commerce Juanita Kreps (in Canton) and Chinese Foreign Trade Minister Li Qiang (in Peking) initial a trade agreement to provide for increased Chinese exports to the U.S. and U.S. access to Chinese markets.

Chilean Chief Justice Israel Bórquez refuses a U.S. request for the extradition of 3 Chilean army officers involved in the 1976 slaying in Washington, D.C., of Chilean diplomat Orlando Letelier and Ronni Moffitt.

May 15—The State Department announces the recall of Ambassador to Chile George Landau "to participate in a thorough review of all facets of our relations with the Chilean government" in view of the Chilean refusal to honor the U.S. request of May 14 for the extradition of 3 Chilean army officers.

May 28—In a special U.S. court for West Berlin, U.S. federal Judge Herbert Stern sentences East Berliner Hans Detlev Tiede to time already held in detention for hijacking a Polish airplane and diverting it to West Berlin; the case raises legal questions as to who has legal jurisdiction.

May 30—In West Berlin, Ambassador Walter Stoessel, Jr., terminates Stern's appointment.

May 31—Because President Carter's special trade negotiator, Robert Strauss, has failed to negotiate an agreement with China to limit Chinese sales of 5 categories of textiles in the U.S., Commerce Department officials report that the U.S. will impose quotas on the imports.

June 2—Robert Strauss initials an agreement in Tokyo expected to help American companies trade with Japanese government-run companies.

June 6—The Defense Department says that the aircraft

carrier *Midway* and her 6 escorting ships left the Indian Ocean today for the South China Sea.

June 7—At a White House news conference, President Carter says he refuses to lift U.S. trade sanctions against Zimbabwe Rhodesia.

June 12—State Department spokesman Hodding Carter 3d calls the refugee problem in Southeast Asia a "massive disaster" and says that the Vietnamese government "has instituted policies to rid itself of the elements of society it regards as undesirable. . . . [We] strongly condemn these callous actions by the Vietnamese government."

June 23—President Carter leaves for a 12-day, 17,350-mile trip to Asia and the Pacific.

June 25—President Carter confers in Tokyo with Japanese Prime Minister Masayoshi Ohira, discussing ways to cut oil imports.

June 29—President Carter arrives in South Korea.

Both radical and moderate opponents of Nicaraguan President Anastasio Somoza Debayle refuse to consider U.S. proposals to end the civil war in Nicaragua.

June 30—In Seoul, South Korea, President Carter discusses the possibility of a 3-way, South Korean, North Korean, U.S. conference with South Korean President Park Chung Hee; human rights violations are also discussed.

## Labor and Industry

May 17—Secretary of Labor Ray Marshall names Charles Knapp as Deputy Assistant Secretary for employment and training to oversee the programs of the Comprehensive Employment and Training Act (CETA); the \$9.6 billion program has been frequently accused of mismanagement.

May 18—In Oklahoma City, a U.S. district court jury awards the estate of Karen Silkwood \$10.5 million in damages against the Kerr-McGee Corporation because Silkwood was allegedly contaminated by radiation while employed as a laboratory technician by the company; if a higher court upholds the verdict, the doctrine of "absolute" liability will have been applied for the first time in a case less severe than a nuclear catastrophe.

By a 3-1 margin, members of the International Brotherhood of Teamsters ratify the contract tentatively ratified on April 10.

May 31—At a White House meeting, closed to reporters, President Carter tells 15 officials of oil producers and middlemen that "we're all in this together"; he asks them to cooperate to help solve the fuel shortage.

June 1—According to members of the 27 environmentalists and consumer group representatives meeting at the White House with President Carter, the President called the Mobil Oil Corporation "perhaps the most irresponsible company in America" because of its opposition to his decontrol program for domestic oil.

June 7—Addressing the United Food and Commercial Workers International Union in Washington, D.C., President Carter says that "the greatest democratic system of government in the world is . . . [being] pulled apart by selfishness."

June 14—Secretary of Energy James Schlesinger says that in spite of an increase of crude oil imports last week the rate of refinery utilization fell 2.5 percent, to 84.5 percent; he calls this "disappointing, troublesome and irritating" and criticizes the oil companies for not increasing refinery production.

June 15—The United Rubber Workers Union and the B.F. Goodrich Company agree on a new 3-year contract, subject to ratification by the 9,650 union members.

June 18—The United Rubber Workers Union and Un-

iroyal Incorporated reach a tentative agreement on a 3-year contract.

June 21—President Carter orders the Federal Bureau of Investigation to investigate the violence occurring in the work stoppage of some 40 percent of the nation's independent truckers; the truckers are protesting the scarcity of diesel fuel and rising costs.

June 22—President Carter orders the cancellation of a measure giving farmers preference in the use of diesel fuel; this will increase the amount of fuel available to truckers.

June 26—The Labor Department reports a 1.1 percent increase in its consumer price index for May, which means the rate of inflation so far this year averages 13.4 percent on an annual basis.

June 29—Secretary of Labor Ray Marshall says that the government will stop doing business with Uniroyal, Inc., because the company has not resolved complaints about sex and minorities discrimination.

### Legislation

May 9—By a 58-39 vote, the Senate approves a standby gasoline rationing plan proposed by President Carter.

May 10—The House votes 246 to 159 against President Carter's standby gasoline rationing proposal.

May 11—President Carter says he is "shocked and embarrassed for our nation's government" by the House rejection of his gasoline rationing plan.

May 14—Senator Edward Kennedy (D., Mass.) introduces comprehensive national health insurance legislation "to make quality health care a right for all our people."

May 15—By a 75 to 19 vote, the Senate adopts a "sense of Congress" resolution asking the President to lift sanctions against Rhodesia within 2 weeks of the installation of the new black government; the resolution is not binding on the President.

May 22—By a 64-32 vote, the Senate agrees to make a grant rather than a loan of \$50 million to Turkey as part of the \$4.4-billion security assistance bill.

May 23—President Carter sends a \$5.7-billion welfare reform law to Congress.

June 13—The Senate votes 89 to 7 to approve a \$40.1-billion defense appropriation bill that authorizes \$676 million to develop a new MX mobile missile system; the bill also contains an amendment lifting U.S. trade sanctions against Zimbabwe Rhodesia.

June 18—Addressing a joint session of Congress, President Carter says that SALT II, signed today in Vienna, will help to stop "an uncontrolled and pointless nuclear arms race."

June 19—President Carter sends the proposed Trade Agreements Act of 1979 to Congress; it is intended to "revise the rules of international trade and achieve a fairer, more open world trading system."

Senator Herman Talmadge (D., Ga.) tells the Senate Select Committee on Ethics that he will offer no further defense against charges of spending official money for his personal use because the committee lawyers have not made a case against him.

June 20—For the first time in 149 years, the House holds a secret session to debate the legislation that accompanies the Panama Canal treaties.

June 21—The House votes 224 to 202 to approve the enabling legislation for the Panama Canal treaties.

### Military

May 1—President Carter selects U.S. Seventh Army commander Edward C. Meyer to serve as Army chief of staff,

to replace General Bernard Rogers. Rogers will be Supreme Allied Commander and chief of U.S. forces in Europe.

May 17—Secretary of the Army Clifford Alexander announces that the army will make the same entry requirements for women as for men beginning tomorrow.

May 30—Addressing the graduating class of the U.S. Naval Academy at Annapolis, Defense Secretary Harold Brown says the Defense Department believes that, since 1962, the Soviet Union has been following "a policy of building forces for pre-emptive attack against U.S. intercontinental ballistic missiles."

June 15—At a Washington, D.C., news conference, Army Chief of Staff General Bernard Rogers says that "we will lose our essential equivalence in strategic capability" with the Soviet Union in the next few years.

### Nuclear Plant Accident

May 11—The staff of the Nuclear Regulatory Commission makes a preliminary report to the commission that lists the various mistakes made by the operating staff of the Three Mile Island nuclear power plant and the series of accidents that caused the release of radioactivity into the air; the report suggests corrective measures for other nuclear plants.

May 29—Secretary of Health, Education and Welfare Joseph Califano, Jr., confirms that HEW and the state of Pennsylvania will undertake extensive studies of the 50,000 residents living within 5 miles of the Three Mile Island nuclear plant to evaluate the effects on health of the nuclear accident there.

### Politics

May 1—In Washington, D.C., former Central Intelligence Agency director George Bush announces his candidacy for President on the Republican ticket.

May 14—Senator Robert Dole (R., Kans.) announces his candidacy for President on the Republican ticket; he was the 1976 Republican vice presidential candidate.

May 16—Senator Lowell Weicker (R., Ct.) withdraws as a Republican presidential candidate.

### Science and Space

June 9—Space scientists announce the discovery by the Voyager I spacecraft of "the highest [temperatures] yet measured in the solar system" in space between Jupiter and Mars; the temperatures are between 300 million and 400 million degrees centigrade.

June 12—American Bryan Allen makes the first successful crossing of the English Channel, a 22-mile trip, in a man-powered plane, the pedal-driven *Gossamer Albatross*, and wins a \$205,000 prize.

### Supreme Court

May 14—In a 6-3 decision, the Supreme Court rules that in cases of sex discrimination, individuals can sue schools and colleges under Title IX of the Education Act Amendments of 1972; a lower court held that only the federal government could bring suit.

The Court rules unanimously to reverse a lower court decision that outside directors of mutual funds have the power to seek dismissal of a shareholder's suit against management when the outside directors deem it to be in the best interest of the fund to seek such a dismissal.

May 18—In an attempt to hinder premature disclosure of decisions, the Supreme Court announces new restrictions on reporters' access to the Supreme Court building.

May 27—Speaking at a judicial conference in Buck Hill Falls, Pennsylvania, Associate Justice of the Supreme Court Thurgood Marshall criticizes the Supreme Court for affording "insufficient protection to constitutional rights" in 2 recent cases.

May 29—In a 5-4 ruling, the Court reverses a U.S. appeals court ruling; it rules that under the Constitution states may administer parole systems in any way they deem suitable.

June 5—In a 6-2 ruling, involving a case in New York State (*Dunway v. N.Y.*), the Court reverses the ruling of a lower court and supports the "exclusionary rule" doctrine barring the use of illegally obtained evidence at a trial.

In a 7-2 decision, the Court reverses a lower court ruling that a Massachusetts veteran's job preference law was illegal because of sex discrimination; 45 other states and the federal government provide some form of veteran's preference in employment.

June 11—Ruling unanimously, the Court reverses a lower court ruling and says that "neither the language, purpose nor history of Section 504 of the Rehabilitation Act of 1973 reveals an intent to impose an affirmative action obligation on all recipients of federal funds"; the case involves a North Carolina college (*Southeastern Community College v. Davis*) that denied admission to the college to a deaf woman because of her deafness.

June 18—In a unanimous decision, the Court reverses a ruling by the U.S. Court of Appeals for the 10th Circuit; the district court had ruled that "terminally ill cancer patients" must be permitted access to the controversial drug laetrile in spite of federal regulations that forbid the distribution of laetrile.

June 20—In a 6-3 ruling, the Court says that state laws permitting parents to commit minor children to state mental institutions without "rigorous impartial" review are constitutional.

June 25—In a 5-4 ruling, the Court affirms a lower court ruling that under its program of Aid to Families With Dependent Children/Unemployed Fathers, HEW must pay benefits to families where the family is needy because the mother is unemployed.

June 26—In 2 libel cases, the Court rules 8 to 1 to reverse lower court rulings. The people bringing suit against the Readers Digest and against Senator William Proxmire (D., Wisc.), are not "public figures" within the meaning of the libel law as defined in the Supreme Court's 1964 ruling in *The New York Times v. Sullivan*; therefore, they need not prove "actual malice" to bring suit.

June 27—In a 5-2 decision, the Court reverses a lower court ruling. It rules that Title VII of the Civil Rights Act of 1964 (barring racial discrimination in employment) is not necessarily violated by special craft training programs that are designed to increase the number of skilled black workers. In *United States Steel Workers of America v. Weber*, Brian Weber brought suit, charging that a training program constituted "reverse discrimination" because it set up a quota system to increase the number of blacks.

## VATICAN

June 2—Pope John Paul II arrives in Warsaw, Poland, for a 9-day visit; his is the 1st visit by a Pope to a Communist country.

June 5—In an address to the Polish Bishops' Conference, Pope Paul asks the government to recognize "the cause of fundamental human rights, including the right to religious liberty."

June 10—Pope Paul returns to the Vatican.

## VENEZUELA

June 30—Kidnapped U.S. businessman William F. Niehaus, former Venezuelan general manager of Owens-Illinois Glass, is rescued after being held prisoner by guerrillas for 3 years.

## VIETNAM

(See also *Intl. Southeast Asian Refugee Problem; China; U.S., Foreign Policy*)

June 8—The government signs an agreement with the United Nations High Commissioner for Refugees to permit the "orderly departure" of emigrants.

## YUGOSLAVIA

(See *U.S.S.R.*)

## ZIMBABWE RHODESIA

(See also *U.K.; U.S., Foreign Policy, Legislation*)

May 3—At a news conference in Canberra, Australia, U.S. Ambassador to the U.N. Andrew Young says the elections in Rhodesia were "rigged" and that new elections should be held.

May 7—The newly elected Parliament holds its first session; the 12 elected members of Reverend Ndabaningi Sithole's Zimbabwe African National Union boycott Parliament.

May 8—Parliament elects John Chirimbani as speaker; he and his deputy speaker, Walter Mthimkhulu, are members of the United African National Council.

May 28—The two houses of Parliament elect Josiah Zion Gumede to become President when the government of Bishop Abel T. Muzorewa assumes office on June 1.

May 29—Bishop Abel T. Muzorewa is sworn in as Prime Minister; he is the nation's first black Prime Minister.

May 30—Prime Minister Muzorewa names his 17-member Cabinet; former Prime Minister Ian Smith will serve as Minister without Portfolio; Muzorewa will head the ministries of Combined Operations and Defense; Silas Mundawarara is named Deputy Prime Minister and Minister of Information; David Smith, a Scottish businessman, is named Finance Minister; and former Foreign Minister Pieter K. Van der Byl is named Minister of Transport and Minister of Power and Posts. There are 12 black ministers and 5 white ministers.

June 1—In a nationwide radio and television address, Prime Minister Abel T. Muzorewa proclaims the new state of Zimbabwe Rhodesia.

Prime Minister Abel T. Muzorewa's Cabinet of 12 blacks and 5 whites are sworn in.

June 8—In Maputo, Mozambique, Robert Mugabe, co-leader of the black nationalist guerrillas, warns the U.S. against lifting economic sanctions against Rhodesia.

Following U.S. President Carter's decision not to lift economic sanctions, Prime Minister Muzorewa says that President Carter "is engaged in a policy of appeasement of the black Africans. . . and is being intimidated by black Americans."

June 13—In Washington, D.C., the U.S. Senate refuses to extend economic sanctions against Zimbabwe Rhodesia.

June 20—8 members of the ruling United African National Council withdraw from the party and form their own; the United African National Council loses its 51-seat majority and is reduced to 43 seats.

June 26—In Lusaka, Zambia, government forces attack guerrilla installations by helicopter. 22 people are reported killed.

# The International Arms Trade

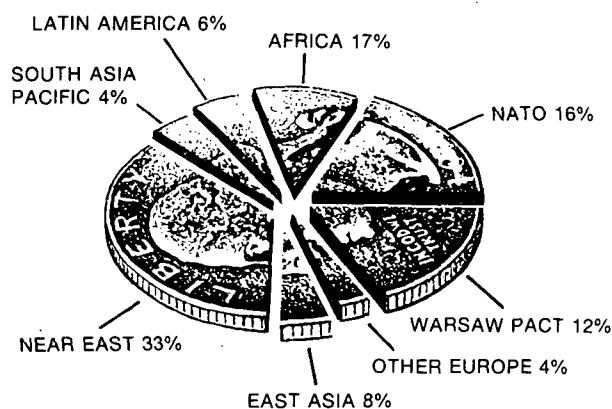
## U.S. Foreign Military Sales

(in million dollars)

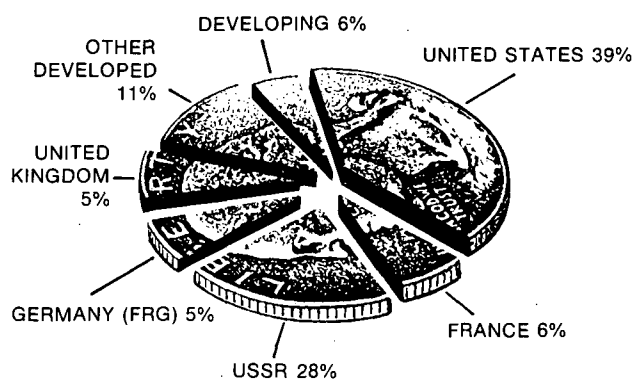
Country	FISCAL YEAR						
	71	72	73	74	75	76	77
Iran	397.5	522.1	2,138.1	4,270.6	2,570.3	1,301.3	5,000.0
Saudi Arabia	14.9	459.3	1,993.5	1,906.5	1,549.9	2,502.5	979.6
Bahrain					.018		
Kuwait	less—than—\$500		.053	29.0	377.8	130.6	40.0
Oman					1.6	.23	
Yemen				2.6	.37	138.5	2.0
Persian Gulf Regional Total	412.40	981.4	4,131.63	6,218.7	4,500.0	4,073.13	6,021.6
Worldwide Total	1,568.8	3,297.4	5,772.1	10,562.4	9,862.8	8,368.5	9,505.5
Persian Gulf Percentage of World Total	26.3	29.8	71.6	58.9	45.6	48.7	63.4

Source: U.S. House of Representatives, *U.S. Arms Policies in the Persian Gulf and Red Sea Areas: Past, Present and Future* (Washington, D.C.: GPO, 1977), pp. 5 and 9.

### World Arms Imports, 1976 Shares by Regions



### World Arms Exports, 1976 Shares by Suppliers



Source: U.S. Arms Control and Disarmament Agency, *World Military Expenditures and Arms Transfers 1967-1976*, no. 98 (Washington, D.C.: GPO, 1978).



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